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NEWS SUMMARY

GENERAL

Four of Shah's generals shot

Four senior Iranian generals from the former regime of the Shah, including the head of SAVAK, the Shah's secret police, have been executed in Tehran. They were found guilty by a revolutionary court of crimes against the people.

Two Iranian businessmen were reported to have been executed, and about 20 more executions were expected.

The secret trials were the first to take place under revolutionary Islamic justice established by militiamen of Ayatollah Khomeini, the religious leader who returned from exile two weeks ago. Back Page

Rail men die as snow grips UK

Four railwaymen died as they battled to keep tracks free of ice and snow. Two of them were killed by an express near Skipton, North Yorkshire. The others were killed by trains at Stourbridge, Worcestershire and Blyth, Northumberland.

The weather has disrupted sport. All today's FA Cup fifth round matches are off for the first time in the contest's 107-year history, and all racing has been cancelled.

Weathermen are forecasting more cold weather but less snow over the weekend. Weather, Back Page.

Ex-MP attacked

Former UK Conservative MP Humphry Berkeley is in a South African hospital after being abducted from his hotel in Umtata, capital of the Transkei. The roving ambassador for South Africa's first independent Bantustan was beaten up and dumped on the South African side of the border. Page 2

Stop cancelled

South African Airways has cancelled the Salisbury stop on its twice-weekly jumbo jet service from Johannesburg to London, following the third shooting at an Air Rhodesia Viscount aircraft.

Life sentence

Ulster Volunteer Force member William Hunter, 22, was jailed for life for murdering Roman Catholic brothers Thomas and John McKrican during a poker session in their Belfast flat.

Mexico talks

Mexico and the U.S. are to reopen negotiations on American purchases of Mexican oil and natural gas, it was announced after three days of talks between President Carter and Lopez Portillo. Page 2

Doctor's charter

Reforms to boost doctors' earnings, increase the number of GPs and improve local health care were proposed in a doctors' charter prepared by the British Medical Association. Page 4

China protests

China lodged a fresh protest with Vietnam over what it called Hanoi's "armed provocations, assaults and killings" along their common border. Page 2

Briefly . . .

Ceasefire was declared in the Chad capital of N'Djamena. About 300 are thought to have died in the fighting.

Private prosecution against former Australian premier Gough Whitlam over attempts to raise overseas loans was dismissed through lack of evidence.

Four Britons whose plane crashed in the Peruvian Andes are believed dead.

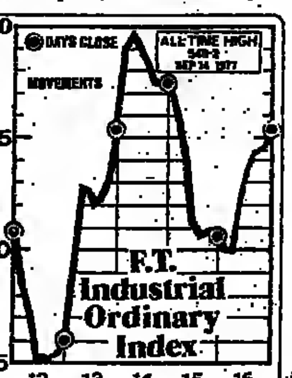
The Emir of Bahrain entertained the Queen at a banquet in his gold-domed palace.

Bee Gees pop group won four of the U.S. recording industry's Grammy Awards.

BUSINESS

Equities up 4.7; Gold loses $1¼

● EQUITIES rallied in quiet trading. FT 30-share index, up 3.1 at 1 p.m., ended 4.7 up at 455.3, for a net rise on the week of 4.6. Official marks were the lowest for more than a fortnight.



● GILTS: Shorts gains ranged to ½. Longs ended a net ¼ up. Government Securities index held steady at 65.19.

● GOLD lost $1¼ to $246¼. Comex February settlement price: 248.0 (246.0).

● STERLING lost 10 points to $2.0030. Its trade-weighted index was unchanged at 63.6 as was dollar's depreciation at 8.4 per cent.

● WALL STREET closed off 2.08 at 827.01.

● JAPAN recorded its biggest-ever monthly current account deficit last month. Exports volume fell 9.7 per cent from a year ago, while dollar-value of imports surged 28 per cent, leaving a record current account deficit of $1.4bn against a December surplus of $1.9bn. Page 2

● FRANCE'S heavy steel industry and two of the country's most vital industrial regions were virtually paralysed by yesterday's 24-hour strike, backed by all main steel unions. (Back Page).

● PRICE COMMISSION announced three more investigations into proposed price rises, bringing the total number for the week to five, the highest figure since the Commission was set up in August 1977. Page 4

● STATE - OWNED British Waterways Board has handed over total responsibility for the safety of Britain's canals to its area engineers, because of a pay dispute involving engineers and clerks. Back Page

● STEEL industry craft unions were handed a management draft document on which BSC would be prepared to negotiate a productivity deal. Page 4

● TWO MORE leading insurance companies, Royal Insurance and Legal and General Assurance, have announced an increase in premium rates for household contents insurance from March 1, 1979. Page 3...

● CHAIRMEN of the main nationalised industries met the Chancellor and other senior Ministers to discuss pay guidelines in the light of recent settlements. Page 3

COMPANIES

● BHP Australia's biggest company, reported a 123 per cent profit recovery to A$86.6m (£49m) in the six months to November 30. Total group sales rose from A$1.2bn to A$1.4bn Page 25

● REED International has called off negotiations to sell its Canadian subsidiary, Reed Paper. Management confirmed it still planned to sell what remains of Reed's involvement in Canada, "but only on terms which fairly reflect its value." Back Page

● CALEDONIAN Holdings, the Stenhouse offshoot which came to the market just over two weeks ago, has accepted an increased offer from London and Midland Industrials worth more than £12m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Treasury 12pc '83 A /93½	+ ½	Glaxo	473 + 8
Treasury 9½pc 1983 /85½	+ ¼	ICI	364 + 7
Exchequer 11½pc '85 /95	+ ¼	Jacksons Bourne E.	118 + 10
BAT Inds.	300 + 7	Kean & Scott	56 + 4
Beecham	615 + 7	Man. Agency Music	136 + 9
Bowater	177 + 4	Manders	127 + 4
BPB	188 + 43	Racal Elect.	370 + 12
Chubb	146 + 4	Saga Holidays	192 + 4
Comet Radiovision	102 + 5	Guthrie Corp.	439 + 8
De Vere Hotels	208 + 12	Harrisons Malay. Es.	129 + 5
		FALLS	
Fitch & Agency	86 + 4	Channel Tunnel	77 − 23
Ferranti Elect.	428 + 8	Corn Exchange	232 − 9
		Milford Docks	183 − 7

Weather and lorry strike push inflation near double figures

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Retail price inflation is now moving back towards a double-figure rate, sooner than expected and chiefly because of bad weather and the road haulage dispute.

That combination led to a 13.4 per cent rise in the price of seasonal foods such as vegetables in the month to mid-January, the biggest increase for 17 years.

Higher food prices accounted for more than half last month's 1.5 per cent rise in the retail price index to 207.2 (January 1974=100).

That was sufficient to push the 12-month rate of increase to 9.3 per cent, compared with 8.4 per cent in the year to mid-December.

The 12-month rate appears likely to exceed 10 per cent in the first half of the year, possibly in the next month or two, depending on fluctuations in seasonal food prices and any increase in indirect taxes in the forthcoming Budget.

Should a break in the weather cut seasonal food prices, a move into double figures might be delayed. However, impending price increases affect some brands of beer, petrol and smokeless coal.

The 12-month rate was 7.4 per cent last summer and the increase comes before any recent pay award could affect it significantly. However, it reflects the acceleration in unit labour costs in the last pay round.

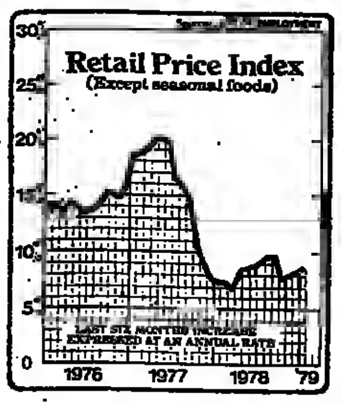
An upward trend in retail prices is indicated by the best measure of the underlying trend, the increase in the index for all items except seasonal foods over six months.

At an annual rate, that stood at 8.8 per cent last month compared with 8.2 per cent in mid-December and 7.7 per cent in October.

This week, a sharp rise in price increases notified to the Price Commission was announced.

Although the acceleration in the inflation rate has come sooner than forecast, most economists believe that the 12-month rate should rise little above the 10 to 13 per cent range during 1979—provided that sterling remains stable and oil prices do not increase too sharply.

Mr. Denis Healey, Chancellor, has given a warning that if pay rises amount to 15 per cent during the present round, the 12-month rate might return to double figures by the middle of this year and to 13 per cent by its end.



The figures are damaging for the Government. Mrs. Sally Oppenheim, the Opposition spokesman on prices and consumer affairs, called for a Budget as soon as possible to prevent another inflationary explosion.

The detailed breakdown shows that the increase in the index in January reflected rises in the price of fresh foods, particularly vegetables, meat and dairy products, and higher motoring costs and rail and bus fares.

The increase in mortgage interest rates accounted for slightly less than a fifth of the rise in the index.

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Scottish judge bans party broadcasts on devolution

BY PHILIP RAWSTORNE

OPPONENTS of devolution claimed a major victory in the referendum campaign yesterday with the banning of party political broadcasts on the issue in Scotland.

Four broadcasts had been planned for the ITV network in the next two weeks—three of them in support of the devolution proposals. But Lord Ross, a Court of Session judge, ruled that the Independent Broadcasting Authority would not be maintaining a proper political balance if the programmes went out.

He granted an interim interdict to leaders of the Labour "Vote No" campaign.

The IBA immediately withdrew the broadcasts and the BBC was also expected to abandon its plans for screening the same programmes.

Welsh anti-devolutionists said they would take legal proceedings if the ban was not extended to Wales. Mr. Leo Abse, Labour MP for Pontypool and one of the leaders of the Welsh "No" campaign, said he was writing to the BBC and IBA for assurances.

Labour's pro-devolution campaigners said in a statement: "It is a sad day when the courts are dragged into serious political debate and this is a development that can only lead to bitterness.

"We are, however, flattered that the 'No' lobby are so frightened by the effectiveness of our case for an assembly that they will go to these lengths to stop us getting it across to the people."

Mr. Brian Wilson, chairman of the Labour "Vote No" campaign which had been refused any time in the Labour political broadcast, said: "This vindicates the integrity of our actions. It will be very interesting to see if the pro-Assembly factions will now prefer to black out the broadcasts altogether rather than allow the 'No' side of the argument a fair hearing."

Mr. Teddy Taylor, Tory Shadow Scottish Secretary, said the courts had once again shown they were the only real safeguard of democracy. Their decision had "overturned a shameful and disgraceful attempt to rig the television stations for blatant party political purposes."

Mr. Alex Fletcher, a leading Tory anti-devolutionist, said: "This is the first blow for fairness that we have had."

In his judgment Lord Ross emphasised that there would be no embargo on other current affairs broadcasts on the referendum, but by no stretch of the imagination could the three pro-devolution broadcasts of the Labour, Liberal and Scottish Nationalist parties be regarded as a proper balance for the one Tory anti-devolution programme.

The IBA had been misled into likening the referendum to a general election and had been too accommodating to the major political parties. The four parties did not have the sole prerogative of persuading voters: the referendum was not really a party political issue and to some extent cut across party lines, he said.

In a later statement, the IBA said the view had always been taken that party political broad-

Continued on back page

Lloyds profits rise to £182m

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

LLOYDS BANK, the smallest of the big four clearing banks, yesterday reported group pre-tax profits of £182.3m for 1978, an increase of nearly 10 per cent on the previous year.

The result is broadly in line with stock market expectations, though much higher profit increases are expected from two other clearing banks, Barclays and National Westminster.

Lloyds is the first to publish figures under the new accounting and disclosure rules for bad debts and deferred tax recently agreed among the banks. On bad debts, it now emerges that Lloyds and the clearers generally will not be complying with the Price Commission recommendation that they should disclose the level of their general provisions.

These are amounts set aside, on top of specific and antici-

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Barclays sells Nigerian subsidiary, Page 18

pated provisions for possible losses, as an overall cushion against bad times. Instead, Lloyds has grouped together both its specific and general provisions and disclosed only the opening and closing totals.

The aggregate of the two provisions is £77.6m—on the face of it 0.8 per cent of Lloyds' total advances. However, this figure is meaningless since the general provision is included on an after-tax basis, while the specific figure is gross.

The clearers' failure to satisfy the Price Commission's demands could, in theory, lead to another sectoral investigation from the Commission. It is more likely, however, that the clearing banks will come under pressure when they next seek to increase bank charges.

Many leading accountants believe that the banks' general

Continued on Back Page

HOPES FOR SETTLEMENT RISE

Council unions seek pact on productivity

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION LEADERS are ready to recommend an end to the local authority manual workers dispute if they get satisfactory assurances on productivity bargaining from the Government next week.

At a meeting with the local authority employers yesterday, the unions were offered a basic pay increase of 9 per cent plus a comparability study which holds out the hope of more money in August.

Union negotiators have reached the point where they will be prepared to recommend the package—which is acceptable to the Government—if it is accompanied by an agreement on productivity.

A joint meeting between negotiators from both sides and Mr. Peter Shore, Environment Secretary, probably on Monday, will discuss the productivity question. The employers offered

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Healey meets State industry chiefs, Page 3
NUPE dispute hits ½m children, Page 4

at yesterday's talks to enter into immediate discussions on productivity when there is a return to normal working. But the union would prefer a firm commitment now in order to nudge the value of the offer into double figures.

The industrial action which has been hitting local authorities will continue. At present and before yesterday's talks plans were announced to step it up next week, particularly in Scotland. But the unions are not expected to authorise any further extension of action pending the outcome of next week's talks.

Negotiators on both sides agreed that some progress had been made yesterday and the negotiations will resume after the meeting with Mr. Shore. "If the productivity element is satisfactory then I think we will have a package which we could recommend to our members," said Mr. Charles Donnet, head of the trade union side, afterwards.

The terms of reference for the proposed comparability inquiry, which have been agreed with Ministers say that the Government wishes negotiators to consider comparability exercises in the public services and that the Government will be initiating further talks to this end.

"The Government will now establish an independent investigation, a Standing Commission, to examine the terms and conditions of workers in the public services and to report on the possibility of establishing acceptable bases of comparison including comparison with terms and conditions for other comparable work, and of maintaining appropriate internal relativities. The first groups to be investigated will be local authority manual workers, National Health Service ancillaries, ambulancemen and university manual workers."

It is apparent from the list in the terms of reference that the Government hopes the proposed Commission will play a part in solving not only the local authority problem but the series of related disputes which have caused much public disruption in recent weeks.

The local authority workers would receive 50 per cent of any extra payments recommended by the comparability study in August and the remainder in April, 1980. Payments would, at least nominally, be subject to any existing Government pay policy.

A particular problem could arise over teachers, whose pay settlement is due from April and who are demanding the restoration of the value of the 1974 Houghton inquiry into teachers' pay.

Yesterday the final meeting of a joint working party of the Burnham committee, where teachers' pay is negotiated, met and established that it would take increases of 36.5 per cent to make up the shortfall between the 1974 Houghton award and the expected position at April, 1979. This will form the basis of the teaching unions' case when negotiations begin next month.

John Elliott adds: Figures released last night by the Confederation of British Industry's pay data bank show a considerable increase in the number of people settling for basic pay rises in excess of 10 per cent. Many who accept under 10 per cent are topping up with productivity deals estimated by the CBI to add 10 per cent to earnings.

A detailed analysis of 70 deals in the present pay round shows that 49 per cent of the 530,000 employees involved have settled for 5 per cent or less, 7 per cent have settled for 5 to 10 per cent and 44 per cent for more than 10 per cent.

Two tap stocks next week

BY PETER RIDDELL

THE GOVERNMENT filled the gap in its funding programme yesterday with the announcement of an issue next week of two new gilt-edged tap stocks totalling £1.3bn.

That follows the exhaustion over the past eight days of the previous two taps. Sales of gilt-edged stocks are estimated at about £1bn over the period, even after allowing for switching from existing stocks.

The result is that most of the expected public-sector borrowing requirement for the current financial year has been financed outside the banking system. The easing of that funding pressure is reflected in the partly paid nature of the two new taps, with payments spread until early April.

The decision to issue two taps now is also due to the desire of the authorities not to allow the market to race away. The issues are divided between £500m of 13½ per cent Exchequer 1987 and £800m of 13¾ per cent Treasury 2000-03.

Improvement

The absence of a new short tap appears to reflect a desire to have a steeper curve of yields than recently. That should help in selling stock.

The improvement in market sentiment in the past week was indicated by a decline in the average rate at yesterday's tender of Treasury bills, down from 13.11 to 12.70 per cent.

Under the old market-related formula for Minimum Lending Rate, abandoned last May, that would have indicated a rate of 13½ per cent, compared with the present 14 per cent.

The medium-tap is being offered at £96 per cent, payable as to £15 on application, £35 on March 19 and the balance on April 9.

The long-tap is being offered at a similar discount and is payable as to £15 on application, £35 on March 13 and the balance on April 4.

The prospectuses will be advertised on Tuesday and lists of applications opened on Thursday.

£ in New York

—	Feb. 16	Previous
Spot	$2.0035-0045	$2.0025-0035
1 month	0.49-0.44 dis	0.50-0.45 dis
3 months	1.32-1.27 dis	1.36-1.31 dis
12 months	4.70-4.50 dis	4.75-4.55 dis

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FEATURES

For latest Share Index phone 01-246 8026

OVERSEAS NEWS

U.S. and Mexico to reopen talks on oil and gas sales

BY JUREK MARTIN AND WILLIAM CHISLETT IN MEXICO CITY

MEXICO AND the U.S. are to reopen negotiations on American purchases of Mexican oil and natural gas.

This was announced after three days of talks here between Presidents Carter and Lopez Portillo by the Mexican Head of State. However he made it clear that no early agreement was likely and that any bilateral arrangement with the U.S. would have to be taken in the global context of supply and demand.

Mexico, Sr. Lopez Portillo said, "should not distort production because of circumstantial demand," adding that Mexico was unlike Arab oil producing countries who could "open or close valves in order to produce more or less oil." He pointed out that Mexico had to avoid the dangers of a domestic overheated economy and President Carter agreed that Mexican needs should come first.

Negotiations for a major purchase of Mexican natural gas to the U.S. broke down in 1977 when the U.S. refused to pay Mexico's asking price. Since the interruption of energy supplies from Iran, President Carter has been under pressure to conclude an energy pact with Mexico: although it was never intended that such an agreement would be negotiated in this visit.

The two Presidents agreed on a new understanding whereby the two Governments would establish guidelines covering prices and production levels which the prospective oil companies would then be expected to work to.

Both Heads of State claimed that the two sides had gleaned a better understanding of each other's needs as a result of this week's discussions. However, what has undoubtedly been most interesting is the extent to which President Lopez Portillo has felt free to air long standing Mexican grievances against U.S. hegemony.

On Thursday night, in a measured and direct response to the Mexican President's insistent references to the unfair treatment Mexico has suffered at American hands over the years, Mr. Carter urged Mexico to deal with the U.S. on the basis of "the realities of the present and the needs of the future" rather than on "the attitudes of the past."

He said that it was just as incumbent and difficult for Mexico to change its attitudes as it was for the U.S. He added that the two countries must "not go down the path of arrogance or the path of submission."

Nevertheless the Mexican President has rarely let a public opportunity pass without conveying the Mexican sense of injustice. In replying to Mr. Carter's toast on Thursday night, he spoke of Mexican citizens living in the U.S. being exploited as slaves, although these remarks were later played down at the Press conference.

In an address to the Mexican Parliament yesterday morning Mr. Carter said that he and Sr. Lopez Portillo would meet again soon, probably in the early summer, to review progress made by bilateral working groups established to examine the main outstanding issues between the two countries — energy, Mexican illegal emigration and trade.

Reuter reports from Washington: The U.S. Justice Department said yesterday that it would make no attempt to bring criminal charges against Mr. Carl Kotchian, former president of the Lockheed Aircraft Corporation. Mr. Kotchian has been the subject of a grand jury investigation into foreign payments.

Lockheed admitted to the Securities and Exchange Commission two years ago that it had made payments of more than $30m to boost sales abroad, largely during Mr. Kotchian's tenure as president.

Andreotti's failure may mean early poll

By Paul Betts in Rome

SIG. GIULIO ANDREOTTI, Italy's caretaker Prime Minister, was to meet President Sandro Pertini last night to report on his failure to find a Parliamentary majority to support his new Government.

This followed the blunt rejection by the Communist Party — Italy's second-largest political force—of any compromise which would exclude it from direct participation in Government.

The Communists' hard line has increased the risk of an early general election, although all the main political parties are still apparently trying to avoid one.

However, President Pertini, a Socialist, is reluctant to dissolve Parliament, and is likely to look for an alternative. President Pertini is expected either to ask Sig. Andreotti to try again, or to invite another political leader, not necessarily a Christian Democrat, to attempt to form a Government.

But, in view of Communist intransigence, there appears to be little chance of a compromise. In particular, the Christian Democrats are unlikely to accept a solution which would reduce their influence in the executive.

The main question is whether the Socialists will side with the Communists or the Christian Democrats.

THE ITALIAN SOCIALIST PARTY

Flower-power without fire-power

BY RUPERT CORNWELL

AFTER AN interval of 60 years the red carnation is once again the official emblem of the Italian Socialist Party (PSI). This week pretty girls were distributing the appropriate flower to assembled journalists at party headquarters. On the walls were vast posters proclaiming in six EEC languages "If you speak Socialist in Europe, you'll be understood" —a reference to the forthcoming European elections on which the PSI is pinning so much.

The occasion though was curiously muted for the Italian Socialists have suddenly found themselves in the most uncomfortable seat in domestic politics. Four months ago they were sniping merrily at the Communists (PCI). Regional elections the previous May had suggested that the PSI was regaining support after the collapse to just 9.6 per cent of the poll in the June 1976 general election.

The pointed ideological attacks from Sig. Bettino Craxi the PSI Secretary were only adding to the confusion and disarray of the Communists over their obviously ineffectual role within the five-party majority Parliamentary coalition backing the minority Christian Democrat administration of Sig. Giulio Andreotti.

Now everything has changed. Local polls in the North East Trentino-Alto Adige region last November revealed a loss of Socialist support to the radical left. Then, with an audible heave of relief, the Communists finally withdrew their parliamentary support, and Sig. Andreotti's government fell. His attempts to rebuild the alliance have exposed anew the endless dilemma of the Socialists, how to flourish between the two giants of Italian politics, the PCI and the Christian Democrats.

A chastened Sig Craxi himself admitted his party's plight this week: "With under 10 per cent we have a limited influence...we are always in a difficult position, whether the big parties try to reach agreement over our heads, or when they clash and then try to enlist our help as junior partners."

That, in a nutshell, is the Socialist dilemma—and it is made worse by the pressures within the party pulling it in two directions. It is often said of Italian politics that splits within parties are more important than the divisions between the parties themselves, and the PSI is no exception to the rule. One faction looks instinctively towards the Christian Democrats, with the implicit corollary of a return to the old days of the centre-left governing formula of the 1960s and early 1970s. The other turns towards the Communists, and the dream of a fully democratic left alternative government for Italy.

The ambiguity extends deep into the past of the PSI, and even into its insignia. Between 1919 and 1979 the hammer and sickle, symbol of the common past of Communists and Socialists, was the party's emblem. It remains part of the new one, tucked away beneath the carnation, a sign of its improbable hope of becoming once more, at the expense of the Communists, a significant spokesman of the Left.

The fact remains that the Socialists, whatever their crisis of identity, still hold the key to the present situation. Now that the Communists have burnt their boats with the Christian Democrats, Sig Craxi and his colleagues when they meet to decide their next move face a stark choice: either to follow the PCI and thus make elections certain, or by direct support or abstention allow some other government to be born, and permit the Communists to reap the fruits of opposition alone.

With the refusal by the PCI of proposals for a joint government of Christian Democrats and "technocrats" acceptable to every one, including the Communists, Sig Craxi has lost the best chance of squaring the circle, and his room for manoeuvre is more restricted than ever.

In the background are daily reports, daily denied, of strains between himself and Sig Claudio Signorile, his deputy and the left-leaning faction of the PSI.

The Socialist secretary's game-plan is to try to ensure that European elections take place before (or at worst on the same day as) any Italian general election. Not surprisingly he plays the European card for all its worth: extensive pictures are beamed back into Italy every time European or international Socialist leaders meet, showing Sig. Craxi rubbing shoulders with such luminaries as Herr Schmidt, M. Mitterrand or Mr. Callaghan.

Recently a leaked poll taken by the Brussels Commission confirmed what many suspected: that direct elections could be a socialist bonanza. In Italy the PSI was given 23.8 per cent of the vote, more even than the Communists who outscored them almost four times in the 1976 general election here. Sig. Craxi is counting on even a more modest success to spill over into domestic elections. But he is also aware that the reverse might equally be true—that a poor showing in Italy might severely dent his chances in Europe.

Portugal proposes tough budget

BY JIMMY BURNS IN LISBON

STRICT CONTROL of public and private spending is the most conspicuous objective of Portugal's proposed Budget for 1979-80, made public yesterday after last-minute delays by Sr. Jacinto Nunes, the Finance Minister and Deputy Prime Minister.

Increases in direct and indirect taxes are greater than forecast, reflecting the wish of the International Monetary Fund (IMF) to keep Portugal's domestic consumption under strict control for the second year running.

The Government and the IMF both have, as their main priority, reducing inflation from its present rate of 22.4 per cent to 18 per cent by the end of the year.

Significantly, however, the Government appears to have bowed considerably to pressure from the political parties, and has introduced what appear to be two key concessions which could lessen the overall burden on the Portuguese people.

The controversial 50 to 60 per cent new tax on the 13th-month Christmas bonus has been left in abeyance. The Budget includes only passing reference to it, with the pledge that it will be introduced only towards the end of this year, if it is judged to be necessary then.

Income tax has not been raised, unlike last year when it went up by 10 per cent. This is believed to be in line with the Government's intention to attract investment and maintain the level of economic development despite the deflationary restrictions.

Industrial tax, however, has been increased by 15 per cent, and stamp duty raised by 20 per cent. Increases in sales taxes range from 10 per cent on beverages, restaurant and hotel prices, to 100 per cent on pornographic films.

Duties on tobacco, as expected, have been increased by 40 per cent.

The Government is hoping for a balanced Budget, this year's total receipts and expenditure being estimated at Es 74.9bn (£791m) each, which is unofficially believed to be 8 per cent of GNP. The Government is also seeking the authority to raise about the same amount through internal and external loans.

The Government has allocated Es 11.8bn to the Agricultural Ministry—a 60 per cent increase from last year.

A four-day debate on the budget is set to begin on March 5.

In his accompanying short-term plan to last until 1980, Sen. Nunes re-emphasised the Government's commitment to control inflation and maintain employment. He forecast however, only modest economic growth for this year. Private consumption and GNP are expected to increase by 2 per cent and 3 per cent respectively.

Former MP beaten up in Transkei

By Quentin Peel in Johannesburg

MR. HUMPHRY BERKELEY, the former British Conservative MP and lately roving ambassador for the Transkei, South Africa's first independent Bantustan, was recovering last night in a South African hospital after being abducted from his hotel in the Transkei capital, beaten up, and dumped on the South African side of the border.

The controversial politician and anti-apartheid campaigner said he had been arrested by security police in Umtata, and then beaten with whips, chains and belts, before being driven to the border in the boot of a car.

His captors threatened to shoot him, he said in an interview from his hospital bed, but they fled when he knelt and prayed for their forgiveness. He was found by a passing motorist, and taken to the nearest police station.

The extraordinary series of events follows the dismissal and deportation from Transkei of Mr. James Skinner, the British managing director of the Transkei Development Corporation, and an associate of Mr. Berkeley. He claimed to have exposed "gross incompetence and maladministration" in the Transkei Government.

However, the Transkei authorities denied any knowledge of Mr. Berkeley's arrest.

Mr. Berkeley told a local journalist, Mr. Peter Kenny of the East London Daily Dispatch, that he had been arrested by two security policemen who showed him a warrant for his arrest for suspected fraud, signed by the assistant commissioner of police. Mr. Kenny, who interviewed him at the hospital, said Mr. Berkeley was "pretty battered and bruised."

He had five stitches in his scalp, a gash on his forehead, welts on his back and wrists, and a suspected fractured skull.

● Rhodesia's last direct transport link to Britain was cut yesterday when South African Airways (SAA) announced that its flights from Johannesburg to London would no longer stop twice a week in Salisbury.

The airline also announced that all flights between Johannesburg and Victoria Falls would stop immediately.

The SAA decision is seen as a direct result of the shooting down of the Air Rhodesia Viscount flying from Kariba this week.

Fears of new Afghanistan assassination bid

BY DAVID HOUSEGO IN KABUL

A U.S. air force aircraft arrived here yesterday to take back to Washington the body of Mr. Adolf Dubs, the murdered American ambassador, amid fears in the diplomatic community that insurgents opposed to the communist regime of President Nur Mohammed Taraki might attempt to assassinate another ambassador in Kabul.

Mr. Dubs was killed on Wednesday in an exchange of fire when Government troops stormed the Kabul Hotel, one of the oldest in the capital. He had been taken there by four kidnappers who abducted him from his car.

The insurgents' success in seizing him in daylight showed that the Government cannot guarantee security in the capital. Insurgent tribal and Moslem forces have harassed Government troops in mountain areas for months but previously have not ventured into Kabul.

It is still not clear whether Mr. Dubs was shot by his captors or by Government troops in what one eyewitness described as a "complete holocaust" when troops blasted the hotel room.

But the regime was determined to overpower the terrorists as rapidly as possible to demonstrate to public opinion here that it still has full control in Kabul.

In taking Mr. Dubs to a prominent hotel close to the Ministry of Defence the terrorists seem to have been seeking maximum publicity for their cause. There is still no confirmation of their identity, but evidence suggests they were Shi'ite Moslems wanting the release of three of their leaders arrested in January.

The Taraki regime has run into increasing hostility from the minority Shi'ite community concentrated in Kabul and the Hazara tribe of central Afghanistan.

There was considerable criticism of the American mission by the diplomatic community in Kabul yesterday for not taking a tougher line with the Afghan authorities by sending more of their own officers to the hotel to ensure that troops did not storm the room.

Embassy officials pleaded unsuccessfully with the Afghan authorities to show patience. Mr. Sergei Bakhturin, the Soviet Embassy's security official, who was also present on Wednesday, is said to have agreed with the policy of patient negotiation advocated by the Americans.

The U.S. mission apparently took the view that it was the responsibility of the host Government to handle the terrorists and that active intervention by their own staff would have risked a serious diplomatic confrontation with Afghanistan.

The Afghan authorities have claimed that four terrorists were killed in the shoot-out. At least one U.S. tourist present at the incident saw two stretchers being carried through the hotel lobby, followed by a man kicking out against guards who were holding him.

Diplomats think that the most likely target for the terrorists would be an ambassador from a Socialist bloc country and do not think the terrorists intended to kill Mr. Dubs. Insurgent groups recently have been seeking aid from the West.

Record deficit for the Japanese

BY RICHARD C. HANSON IN TOKYO

JAPAN'S MONTHLY current account deficit for January was the largest the country has recorded. As a result of a reduction in the pace of exports and a sharp rise in the value of imports, the trade account deficit was the second largest to date, according to a preliminary report by the Finance Ministry.

The volume of exports in January fell 9.7 per cent from a year ago, while the unadjusted dollar value rose by only 6 per cent (the first single digit rise in three years). The dollar value of imports last month meanwhile surged 28 per cent as industrial raw material imports (excluding crude oil) increased in volume and the prices of commodities jumped.

This left a record current account deficit of $1.4bn compared with the December surplus of $1.932bn, and a deficit a year ago of $266m. The trade account deficit of $800m compared with a December surplus of $348m in January, 1978. January, for seasonal reasons, normally shows a current account deficit.

The latest figures show that on a seasonally adjusted basis the current account was still in surplus (by $344m compared with $595m in December) as was the trade account ($844m compared with $1.585bn). Adjusted exports, however, continued a two-month decline by 2.7 per cent while adjusted imports rose 6.6 per cent.

The Finance Ministry expects that exports and imports will continue to show similar trends in the months ahead. The declines in volume of exports of key products like cars (down 15 per cent), steel (down 15.2 per cent) and ships (down 40.9 per cent) are unlikely to be reversed. Japan will be facing higher bills for imports of raw materials.

Officials remain worried about the pressure being put on them by the U.S. to bring the current account into more permanent balance and they consider this an unrealistic goal. The trade surplus in January with the U.S. did show a sharp decline to $166m from $952m in December as exports to the U.S. rose 1 per cent and imports 44.5 per cent, on a customs clearance basis.

The overall balance of payments in January remained in deficit for the fourth consecutive month by $970m compared with a $208m deficit in January 1978.

But the net outflow in the long term capital account was reduced sharply after recent months of record outpourings as a result of a loosening of curbs on foreign purchases of Japanese short-term securities, the absence of yen-denominated bonds by foreigners and a reduction in the rate of syndicated loans by Japanese banks to overseas borrowers.

The long-term account deficit was only $200m compared with $1.619bn in December. Foreigners are estimated to have bought a net $600m of Japanese bonds since the reduction of restrictions on January 23 on the sales of bonds to those with maturities greater than 13 months from more than five years and one month.

OPEC to discuss effects of the Iranian crisis

BY OUR FOREIGN STAFF

CONSULTATIONS are to be held next month among chief delegates to the Organisation of Petroleum Exporting Countries, according to Sr Valentin Hernandez Acosta, Venezuela's Minister of Energy and Mines.

He said that the meeting will discuss the repercussions of the Iranian crisis on the world energy situation. "The venue for the meeting has already been chosen but will not be disclosed until the selected Government gives its approval," he told reporters.

As yet, OPEC headquarters in Vienna is unaware of the plan. Commenting on reports about a ministerial get-together, Sr Rene Ortiz, the secretary-general, said yesterday that he had received no information about another meeting before the next ordinary conference in June.

Nevertheless, it is understood that Ministers, following contacts among themselves, are to meet on March 26—probably in Geneva.

Within OPEC there have been pressures for an extraordinary conference to increase prices formally in response to the market conditions caused by the suspension of Iranian exports. So far this has been opposed by Saudi Arabia.

Thus, at present it seems that the ministerial meeting will do no more than approve the various revisions made, like those of Abu Dhabi and Qatar.

With no signs of a resumption of Iranian supplies, the probability is that other producers will have announced higher prices by March 26. Algeria, Libya and Nigeria are expected to do the same soon—for their premium crudes.

Reuter reports from Salisbury: Rhodesia yesterday increased the price of petrol by nearly 20 per cent to 33.2 cents a litre (2.50 U.S. dollars a gallon). The government blamed the increase on the crisis in Iran and on increased OPEC prices.

Victor Mackie reports from Ottawa: Mr. Alastair Gillespie, Canada's Energy Minister, said yesterday he would introduce an energy supplies emergency bill to deal with an oil crisis caused by Exxon's diversion of Venezuela oil from the Canadian market.

He told the House of Commons in Ottawa that the Bill would give the Government power to allocate crude oil supplies and products and if necessary to implement rationing.

Protests from MPs and a Federal Government request that Canadian Imperial Oil should buy crude direct from Venezuela instead of dealing through its international parent company, Exxon International, has failed to halt the company's practice of allowing its U.S.-based parent to divert Canadian oil shipments.

Mr. Gillespie said diversion of Venezuelan crude from eastern Canada to other markets at a planned rate of 25,000 barrels a day was "intolerable and unacceptable."

U.S. Defence Secretary to discuss Egyptian arms

LUXOR — Mr. Harold Brown, the U.S. Defence Secretary, arrived in Egypt yesterday on a three-day visit, during which Egypt is expected to seek U.S. aid for modernising its armed forces.

Western diplomats in Cairo said that it had not yet submitted a detailed list of its requirements, but it is expected to include tanks, armoured personnel carriers, anti-aircraft guns and ships.

The diplomats said Mr. Brown was likely to be sympathetic to Egyptian requests for help to strengthen a pro-Western alliance in the Middle East, but prospects of a large military aid programme were remote, the diplomats said.

Requests for increased U.S. arms shipments figured prominently in Mr. Brown's earlier discussions with Saudi Arabian, Jordanian and Israeli leaders.

The diplomats said Egypt was keen to reduce and modernise its armed forces after the Egypt-Israel peace treaty is signed.

They said Egypt had suggested privately that it could give some of its older Soviet equipment to friendly African nations, in return for more up-to-date U.S. weapons.

David Buchan adds from Washington: The U.S. is ready to resume diplomatic relations with Iraq, a State Department spokesman said yesterday, but no negotiations are being conducted with Iraq yet. The statement was in response to an indication earlier this week by Mr. Saddam Hussein, a top Iraq leader, that his Government would like to upgrade relations with Washington when the "Arab interest" justified it. Iraq broke off relations with the U.S. in 1967.

Vietnam border warning

BY DAVID SATTER IN MOSCOW

TENSION ON the Vietnam-Chinese border has reached a new high and "armed provocations" have become "continuous combat operations," Mr. Nguyen Huu Khieu, the Vietnamese Ambassador to the Soviet Union said yesterday.

Mr. Khieu made his remarks, which were reported by Tass, the Soviet news agency, at a Press conference attended by Soviet correspondents. Apparently he chose this setting in order to emphasise that Vietnam counts on Soviet support in any conflict with China.

He said that the Chinese have stationed 20 divisions, hundreds of aircraft and large numbers of tanks and other equipment on the border.

His comments went one step beyond a statement by the Vietnamese Foreign Ministry in Hanoi on Thursday which accused China of "feverish preparations for war," and expressed confidence that the governments of "friendly countries" would not allow China to attack Vietnam.

The Ambassador's Press conference coincided with the arrival here on a "friendly visit" of a delegation from the new Vietnam-backed, Cambodian Government.

Reuter reports from Bangkok: Pham Van Dung, the Vietnamese Prime Minister, left Hanoi yesterday for an official visit to Phnom Penh, the Cambodian capital. He heads a top-level delegation, which includes Nguyen Duy Trinh, the Foreign Minister, and General Van Tien Dung, Army Chief of Staff.

The visit comes as Khmer Rouge forces loyal to Pol Pot, the ousted Prime Minister, are claiming further successes in guerrilla attacks and ambushes.

Playing it by the rules

Elinor Goodman, in Luxembourg, on one of the European Parliament's less glorious hours.

JUST WHEN the European Parliament might be expected to be on its best behaviour in readiness for the direct elections in June, European MPs this week staged the kind of exhibition which seemed guaranteed to get the place a bad name. Members squabbled about procedures in a manner which made similar arguments in Westminster seem almost restrained.

For while Westminster MPs can play the procedures game according to only one set of rules, European MPs are apparently able to choose from six subtly different rule books—one for each of the Community's official languages—and make a great deal of noise about it.

The row was sparked off by a motion condemning the resurgence of anti-Semitism and neo-Nazism in the Community. What provoked the dispute was not so much the motion (proposed by the Socialist group) but the procedure for voting on it. Everyone agreed that anti-Semitism was a bad thing, as they had done in many debates before; but the Christian Democrat group did not like the way it was being voted on "as a matter of urgency."

Nor did some of their members appreciate the way Germany seemed to have been singled out for special censure. For the German Christian Democratic Union, which forms part of the wider Christian Democrat grouping in the Parliament, the whole question of whether a finite time limit should be imposed on the prosecution of war criminals is a very delicate one. Some members of the group felt that the Communists were trying to use the motion to embarrass German members by tabling their own amendment, which specifically mentioned the German Statute of Limitations.

Led by a Belgian, M. Albert Bertrand, the Christian Democrat group argued that they should be given time to put down their own amendment. An hour-long row then took place over when the vote should be taken.

Quoting the German version of the rules, M. Bertrand insisted that it should be the following day. The Socialists, who also included a number of Germans, in this case using the Anglo-French rule book, insisted that the vote had to be taken that very afternoon.

Eventually the Christian Democrats agreed on a vote being taken in the afternoon, provided they were given enough time to consider a further amendment. They submitted an amendment emphasising that it was intolerable that war crimes should remain unpunished whether they were committed during the "Nazi reign of terror" or under any "system of ideological totalitarianism."

Sir Geoffrey de Freitas, who had moved the original motion, rejected this amendment. And after further discussion, his motion, which was meant to criticise all Statutes of Limitation was passed by the Parliament.

Dissident's appeal fails

CZECHOSLOVAKIA—Dr. Jaroslav Sabata, a leading Czechoslovak dissident, yesterday lost his appeal against a nine-month sentence for insulting a policeman. After the court decision, supporters of Dr. Sabata, 52, a spokesman of the Charter 77 human rights movement, issued a statement condemning the sentence as an act of political revenge.

Dr. Sabata was found guilty on January 11 of allegedly insulting the policeman when authorities stopped what was to have been the third meeting between Czechoslovak and Polish dissidents on the two countries' border last October 1.

The Charter 77 statement said the rejection of the appeal "dishonoured the voice of international opinion, which has resolutely opposed the persecution of Jaroslav Sabata." It appealed to the public at home and abroad to continue efforts to gain his freedom.

Dr. Sabata's arrest left the Czechoslovak human rights movement seriously hampered. Reuter

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UK NEWS

European disaster 'could be averted'

BY PHILIP RAWSTORNE

EUROPE IS drifting to disaster but the drift might still be halted, according to Mr. Geoffrey Rippon, leader of the Conservative Group in the European Parliament.

Speaking in Carshalton last night, he said direct elections must provide an opportunity to rekindle the vision of European unity.

Much had been achieved. In spite of their doubts and criticisms, none of the nine member States would contemplate withdrawal. "They all know that the disintegration of the Community would open up an abyss."

Mr. Rippon said: "The fact remains that the current mood of apathy and disillusionment that exists in too many quarters is dangerously undermining the foundations of Western civilisation.

"There is plenty that needs changing and improving, but that is no reason for losing our faith in the future: a future in which the political development of the Community must keep pace with its economic consolidation."

The aim should not be to build up Community institutions to duplicate in Brussels what was being done adequately by national Governments. "The purpose is to formulate and implement policies affecting the Community as a whole that require common action."

"We are entitled to expect from our leaders courage, a generous spirit and forward-looking perspective. We require in Europe an overall strategy on an historic scale which will make a decisive impact."

Majority of 122 for Bill to aid small companies

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CONSERVATIVE Private Members' Bill relaxing the provisions of the Employment Protection Act by allowing small companies to employ workera on a temporary contract was approved in the Commons yesterday by a larga majority of 122.

The result came as a shock to the Government which had strongly opposed the measure. Apparently many Labour MPs stayed away from the House.

The Bill now faces a long struggle in committee with the Government seizing every opportunity to prevent it becoming law.

The Bill was given a second reading by 159 votes to 37 with the Liberals supporting the Conservatives.

This is a moral victory for the Conservatives who have argued that the Employment Protection Act is preventing small businesses from taking on workers and increasing the number of unemployed.

It was also clear that some Labour MPs are also worried about the effect of the Act.

Mr. Ernest Perry (Lab., Battersea South) told the House: "I am glad to support this Bill even if it only brings to light the problem of small businesses."

The measure—The Employment Opportunities (Small Businesses) Bill—was introduced by Mr. Michael Grylls (Con., Surrey North West). He drew it up after talks with organisations representing small businesses.

It enables companies employing up to 200 people to offer a job on a temporary contract for up to two years without infringing the unfair dismissal provisions of the Employment Protection Act.

Opposing the Bill yesterday, Mr. Harold Walker, Employment Minister, said it was neither necessary nor just.

An abandoned car being checked near Doncaster yesterday. Cars littered hundreds of roads in blizzards which paralysed much of Britain

Row over £125m bill for damaged roads

BY MAURICE SAMUELSON

THE GOVERNMENT and transport organisations are bitterly divided over who will pay for repairs to roads devastated by the worst winter for 16 years.

The British Roads Federation saya that repairs and snow clearance could cost £125m and that although financial first aid may have to come from counties' contingency funds the Government too must take early action.

The Automobile Association said yesterday that the Government shared responsibility with the county authorities for the condition of roads and that it should make additional money available. Road surfaces had deteriorated well before the winter thanks to nine cuts in general roads expenditure since 1973. Damage was becoming so extensive that it could soon be impossible to catch up with all the repairs needed, the AA said.

The Transport Department, however, denies that the snow and ice heve increased its responsibility. "Even if there are exceptional circumstances, it is still up to local authorities to reallocate their funds at the expense of some of their less urgent projects." the Department said. It also could not agree to draw on the £300m underspent in its budgets for the past three years since thia was money for work in hand which would eventually be spent.

Mr. Robert Phillipson, the Federation's director, says that in the last winter like this, in 1962-63, snow caused a 40 per cent rise in the snow clearance bill. The following year saw a 25 per cent increase in road maintenance.

Some authorities would have to use next year's maintenance allocation or try to make out a special case for treatment by the Government, he said.

Manchester Tories split

A MAJOR split in the minority Conservative group on Manchester City Council over spending on mejor projects was followed yestarday by the resignation of Dame Kathleen Ollerenshaw as group leader and Mr. Bill Crabtree as deputy.

Mr. Crabtree also announced thet he wes resigning the party whip but would contest the monicipal elections in May, probably as an Independent.

Mr. Crabtree said that among the differences within the group were the leadersbip's support for building a city centre underground rail link, proposals involving the future development of Central station site, the upgrading of the Palace Theatre, and ambitious plens by the Labour-controlled council for building a national ice skating centre.

Retail chief hits out at textile industry protection promise

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE RETAIL Consortium, the trade association representing Britain's shops and stores, yesterday reected strongly to assurances giveo by Mr. John Smith, Trade Secretary, in Manchester that protection for the textile industry in some form would continue throughout the 1980s.

Mr. Richard Weir, the consortium's director, claimed the atatement, made during a visit by Mr. Smith to textile plants in the North West, represented an apparent change in Government policy, and a substaotial departure from the atance taken by all the EEC member countries.

Mr. Weir said existing controls on imports of textiles and clothing restricted the choice of goods available in the shops, created shortages of basic merchandise, particularly children's wear, and tended to increase prices.

"In our view it is unnecessary to protect an industry whose strength lies in high quality, high priced merchandise, of which it is an increasingly successful exporter," he said.

Mr. Weir's remarks are the latest round in a long battle between the textile industry and retailers, maoy of whom find access to low-cost supplies in the Far East and elsewhere substantially limited as a result of the restrictions introduced by the EEC under the latest GATT multi-fibre arrangement (MFA).

In theury, the restrictions are due to last only until 1982, by which time the textile industry is meant to have adapted to meet low-cost competition. Various indications bave been given by Ministers and senior Civil Servants, however, that some successor agreement to the arrangement would be needed after 1982 and it was this which Mr. Smith was confirming in his Manchester speech.

He told his audience of trade unionists: "There are some who have argued that the MFA should not be renewed. My own view is that continuing restrictions on imports must continue in some form throughout the 1980s. Indeed the tariff offers being made by the EEC in the GATT multileteral trade negotiations are based on this assumption, and the Government is committed to maintaining a strong and viable industry."

Mr. Smith was making his first regional visit since being appointed to succeed Mr. Edmund Dell at the Trade Department shortly before Christmas. He seid thet while other countries were more inclined to accept low cost clothing as a means of holding down inflation, the UK, because of the size of its textile sector and the employment in it, had to take a wider overall view. A balance had to be mainteined between domestic and imported goods.

The Government has provided e framework of protection for the industry which should sustain the market for British products both at home and in other EEC countries. The industry would need to move up-market, however, and specialise in higher quality goods.

Mr. Smith also gave the industry a further assurance yesterday on the possible impect of exports of textile goods from China.

Concern has been expressed in the industry that the Chinese may want to pay for their imports of Western technological products with textiles.

Private sector deals will determine inflation—Hattersley

ALTHOUGH ATTENTION at present waa focussed on pay settlements in the public sector, in the next few months it wonld be pay negotiations in private industry which would determine the inflation level for the rest of the year, Mr. Roy Hattersley, the Prices and Consumer Protection Secretary, said last night.

He told a Labour Party meeting at Lancaster: "I hope industry will accept as the Government has accepted during the last difficult six weeks, that nothing is more Important than stabilising our present inflation rate and then bringing the rate at which our prices increase down to a figure permanently in line with those of major competitors. Certainly the Government will encourage industry to maintain that priority."

The Price Commission (Amendment) Bill, providing stronger powers for the Price Commission to prohibit or moderate unjustifiable price increases, was now law, and the commission had yesterday prohibited Increases in the prices of two major brewers while it investigated the justification for a price increase.

The commission had also announced that price Increase applications for two of the largest oil companies would also be investigated, and that it Intended to look into proposed water charge Increases.

Unionists 'can take third place'

Financial Times Reporter

ULSTER UNIONISTS could form the third largest party at Westminster after the next election, Mr. Enoch Powell said last night.

But their influence would depend on their unity and discipline, he said at a meeting in Rathfriland, Co. Down.

In a thrust at Mr. Ian Paisley's Democratic Unionists and the Independent Unionists, Mr. James Kilfedder, he called on voters to return official Unionist candidates.

Ulster's influence and future depended on returning a "single phalanx of united and dedicated members of one party."

Mr. Powell said: "Odds and ends are no use; any old Unionist, independent or unreliable, will not do."

The next Parliament would place more rigorous demands on Ulster Unionist MPs. "Absenteeism would be disastrous. There would be no room for half-timers."

The Ulster electorate and the party had to discipline themselves to demand, and exact from its MPs the standard of performance of parliamentary duty that would be essential.

Shore gives warning on strike effects

MR. PETER SHORE, Secretary of the Environment, said in Manchester last night that there "must be rules in a civilised society governing who should and who should not be made to suffer from a strike."

He added: "We must have clear limits for what is permissible, and it is vital in the public sector precisely because it is here that the community as a whole inevitably and unavoidably are bound to suffer.

"Thoae involved in current strike action are themselves aware of this and troubled by it. And that is one reason why I welcome the recognition by the TUC-Government statement that ways must be found to limit the damages of strikes in essential services and, still more important, to make such strikes unnecessary.

"There is another aspect of public sector strikes which we should recognise The concept of the strike originated in the private sector. Its object was to seek to obtain for the worker as large a share of the profit as possible—of the surplus value that would otherwise go to the owner of the enterprise.

"But in the public sectur there is no profit, there is no surplus value to get hold of. Higher pay inevitahly means higher taxes and higher rates. The limit to what cen be paid is not the amount of profit but the taxes people are willing tn pay: and clearly there is a limit."

Machine tools export drive

By Our Industrial Correspondent

THE MACHINE tool industry will be attempting to narrow the machine tools trade gap between the UK and Germany when it is host next week to a group of visiting German industrialists.

Last year, Germany took £15m worth of machine tools from the UK, but exported to the UK machine tools worth an estimated £74m. The delegation, the first for eight years from Germany, will visit nine factories during its six-days stay.

Companies represented on the delegation include BMW, Messerschmitt, Thyssen Industries and Demag.

Healey meets chiefs of State industries

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

CHAIRMEN of the major nationalised industries met the Chancellor and other senior Ministers yesterday to discuss the pay guidelines in the light of recent settlements.

One of a series of regular quarterly meetings, the presence of Ministers from the industriea' sponsoring departments gave the chairmen a chance to obtain clarification on pay claims, and the discussions were described afterwards as "helplul end constructive."

Other items on the agenda included the salaries of Board members in the nationalised industries. The second stage of the increases recommended by the Top Salaries Review Body, and agreed by the Prime Minister last summer, is due to be implemented in April. Matters of detail, however, remained to be sorted out, and these were discussed yesterday.

The progress of the policy set out in the White Paper on Nationalised Industries, published last year, was also discussed. The policy includes the promotion of induatrial democracy by the industries, the setting of financial targets, and the powers to be given to Ministers.

Daily Telegraph trust formed

FINANCIAL TIMES REPORTER

OWNERSHIP OF The Daily Telegraph has been transferred from the Berry family to a newspaper trust, although the family will retain control of the company.

The Telegraph Newspaper Trust will hold 3.1m of the 3.2m shares. The Berry family will control the trust but members will not personally benefit from its income.

The trust has been set up with a £1.55m loan from the Berry family, to be repaid from the dividends that the trust receives from The Daily Telegraph.

The main purpose is apparently to secure the Telegraph against the future possibility of a forced sale and to mitigate the effect of high marginal tax rates.

The Telegraph said yesterday: "The trust is set up so that the profits of The Daily Telegraph can be used to build up necessary reserves for development and to ensure the long-term security of our publications, not subject to penal rules of taxation."

The trust's income may be used only for the general benefit of the newspapers and for charity in printing and publishing. The trust is to have a maximum life of 100 years.

Before the trust wes set up, shares were held as follows: Lord Hartwell, 33,333; Lord Camrose, 160,000; the Hon. Adrian Berry, 100,000; family trusts, 2,806,667.

The trust has bought the shares from the family for 50p each, agreed with the Inland Revenue.

● The Daily Star, launched in November, achieved its initial target circulation of 1m this week, Mr. Victor Matthews, Express Newspapers Group chairman, said yesterday.

Circulation increased with the start of London sales, he told a London Press Club lunch. He repeated his estimate that Northern sales of the Manchester-based peper were about 600,000.

He estimated London sales this week et about 400,000. "But I wouldn't say that the 400,000 we think we are selling is necessarily what we will retain in London. It will be some time before we know what the circulation is going to be. But we are aiming, given a fair wind, on an ultimate circulation of not less than 2m."

UK NEWS

● NEWS ANALYSIS—BARGAIN PRICE OFFERS

Retailers fear basic change

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BARGAIN PRICE offers which claim a price reduction on a notional or a manufacturer's recommended selling price are due to be baneed from this summer in spite of growing opposition from retailers and manufacturers who fear the move will fundamentally chaege the pattern of retailing in the UK.

Mr. Roy Hattersley, Prices Secretary, is committed to pushing through a Parliamentary order banning bargain claims, but minor amendments are still being considered to protect traders in aectors which face problems in implementing the ban in time.

The order is expected to be announced within the next few weeks and to come into force from the beginning of June. From that date it would be unlawful for shops to display prices making such statements as "10p off manufacturers' recommended price," or "Worth £36—only £19.95," or "It could cost at least £7.85 elsewhere—our price only £4.75."

Misleading

The aim is to prevent retailers from displaying prices, or advertising them in any way, which can mislead consumers by implying that savings are being offered.

Pointing out genuine price reductiona as in introductory offers, special credit terms or sales of "seconds," or price reductions based on a previoua selling price held for a month, or in comparison with another named retailer, will still be allowed and, in fact, encouraged.

The Government's proposals, which were recommendad by the Office of Fair Trading last year, have come under heavy criticism in recent weeks from industry and commerce on the score that they could bring higher prices and a reduction in competition.

Mrs. Sally Oppenheim, Conservative spokesman on Consumer Affairs, has described the proposals as "taking a sledgehammer to crack a nut."

Bargain offers have been a aource of concern to Government agencies and consumer organisations since the abolitinn of retail price maintenance in 1965. Manufacturars were forbidden to dictate the price at which their products should be sold but were still entitled to recommend appropriate retail prices.

In general, the manufacturers nsually added the cost of wholesalers and retailers' margins to their selling price.

The abolition of retail price maintenance enabled multiple shops and store groups to build up large sales through heavy price discounts. The effect was to create a two-tier retail industry, with independent retailers, who form the bulk of retail outlets, usually selling at or near the manufacturers' recommended price, and multiples selling a higher volume at anything up to a third of the manufacturers' suggested price.

Retailers were quick to see the promotional advantages of such "bargain offers" and quickly began advertising prices as being so much less than the recommended price. Manufacturers, especially in the fiercely competitive high-volume consumer industries such as detergents and toothpaste, also saw the benefits of offering temporary price reductions.

Soon "5p off" signs on packets were being printed by the manufacturer as part of the normal packet, enabling them to force retailers to pass on the price cuts and thus increase market share for a particular brand.

The Trade Descriptions legislation in 1968 tried to regulate these bargain claims.

It allowed the use of recommended retail prices to act as the bench-mark against which prices could be reduced.

In addition, it enabled bargain offers to be made if the price was reduced from a price that had been maintained for at least 28 days in the previus six months, the so-called "28-day" rule.

However, most retailers preferred to use the administratively easier means of advertising prices at being lower than those recommended by the manufacturer.

The unreality of many recommended retail prices was underlined by a Price Commission survey which showed that out of 4,686 prices charged for 87 different products, including carpets and electrical goods, some 68 per cent of prices were below those recommended prices, and many offered susbtantial "reductions" of between 11 and 40 per cent.

A recent Commission report on the toothpaste industry found that only a tenth of prices were at the manufacturers' recommended level, with stores such as F. W. Woolworth and Tesco charging half the suggested retail price.

A report by the Office of Fair Trading suggested that consumers could be confused by manufacturers' "flash offers" printed on packs because the recommended price was not usually quoted. Customers may even be misled into thinking that "5p off recommended price" means that an extra 5p will be deducted at the till.

There seems little doubt that many bargain offers—such as "10 per cent lower than West End prices"—are misleading to the consumer. And recommended retail prices for beds and large consumer durable goods which are much higher than usual selling prices could persuade consumers that they are saving hundreds of pounds when that is not true.

But in the case of consumer goods such as toiletries, household products and food there are vehement claims by the manufacturers that consumers know the prices of goods bought every day and therefore are not misled by price reduction claims in the same way as they might be for occasionally purchased goods such as televisions.

The manufacturers argue that temporary price reductions on consumer products are an efficient promotional weapon which ensures that manufacturers' price cuts are passed via the retailer to the consumer. In the case of toothpaste, for example, the recent Price Commission report acknowledged the value of temporary price reductions in helping keep toothpaste prices down.

The manufacturers suggest that if comparisons with recommended prices are banned, then few retailers have the facility to ensure that advertised price cuts comply with the "28 day" rule. Only the Boots multiple chain is said to have the necessary administration systems to carry this out, although Mr. Hattersley's department is not convinced of the difficulties for retailers keeping records of their price levels during any six-month period.

The manufacturers also fear that retailers may not bother to carry out the administration required in order to promote secondary brands—so increasing the market dominance of the brand leader in each industry.

The Department of Prices remains unmoved by these arguments. There is a feeling that the opposition to the proposals may be based more on self-interest than on the interests of consumers.

UNIT TRUST AND INSURANCE OFFERS

'Doctors' charter' seeks much higher pay levels for GPs

BY PAUL TAYLOR

MAJOR REFORMS in the way family doctors are paid were proposed yesterday in a "doctors' charter" prepared by a working committee of the British Medical Association.

The changes are aimed at boosting family doctors' earnings to levels similar to those of their European colleagues, increasing the number of general practitioners and improving local health care.

The BMA's charter working group has spent 18 months examining the pay and conditions of the 24,000 family doctors. While no target pay levels were mentioned in the 33-page report, the terms of reference of the committee suggest that it had in mind doubling of the average family doctor's yearly earnings to levels near those in Western Europe.

The report deals mainly with manpower levels and pay. In particular the committee proposes measures to link pay more closely to specific services by family doctors.

It says that more Health Service resources should be spent on family doctor services. The committee said that the main need today in the National Health Service was for an effective and expanding primary care and family doctor service.

More GPs and nurses, unrestricted use of night-time deputising services, special arrangements for rundown inner city areas, more health education and better financial rewards are among the committee's main proposals.

The committee, under the chairmanship of Dr. John Bell, a Worcestershire GP, speaks of the "miserable failure" of Governments, despite promises, to improve the standard of primary health care by providing more resources.

Recruitment aim

The number of patients on a family doctor's list was too high to ensure that he could give enough time to each patient.

While general practice manpower had increased by only about 10 per cent in the decade 1966-76, consultant numbers had risen by nearly 45 per cent.

The average list for each GP should be reduced from 2,300 patients to about 1,700 by the early 1990s, by recruiting 2,000 doctors a year.

At present levels of recruitment this target would not be reached for 25 years, said the committee.

While the committee recommends continuation of the present pay contract system for doctors, rather than a total switch to a salaried service or fee-for-service payment system, it suggests ways in which the pay system could be changed, improved and made "more fair."

Among other suggestions are total renegotiation of payments for out-of-hours work, and special payments for maternity, contraceptive, and clinical services, tests and screening procedures.

Dr. Bell said that remuneration should be linked closer to services.

He rejected suggestions that the report had been tailored simply to justify a doubling of family doctors' pay, but warned that doctors had told the committee that unless payments for night cover were improved they might seek ways to contract out providing a 24-hour service.

The committee's report will now be sent to all family doctors for comment. After a representatives' meeting in June it will form the basis of negotiations for a new contract with the Government.

LABOUR NEWS

Brewers join price rise queue

By Our Consumer Affairs Correspondent

THE Price Commission yesterday announced three more investigations into proposed price rises notified to it, bringing its number of investigations for the week to five, which is the highest total since the commission was set up in August, 1977.

The burst of activity this week, which included publication of a tough commission report on Butlin's, follows Parliament's approval last Monday of new, stronger powers for it.

The Price Commission (Amendment) Act, which became law last Monday, means that companies no longer have the automatic right to interim price rises under the safeguard regulations if prices are frozen by the commission.

The investigations announced yesterday were into 3p per pint increases sought by Bass and Whitbread, the brewers, as well as a proposed 15 per cent increase in charges made by the Welsh water authority. The commission had earlier announced investigation into price rises sought by BP and Esso, although it has allowed both companies an interim price increase.

Bass had notified the commission of increases of 7.94 per cent on the wholesale price of its range of beers and 7.9 per cent on beer and other sales in its managed houses. Whitbread had sought increases of 5.65 per cent on the wholesale price of its beers, wines, spirits, soft drinks and ciders and of 8.82 per cent on beer, wines, food and accommodation in managed houses.

Damage

Whitbread said last night that it would be seeking an interim price rise within the next few days "to minimise the damage to the company." If application was substantially reduced or delayed "the effect on future investment would be serious."

Whitbread also said it was surprised that it had been chosen for an investigation since similar increases had already been granted to major competitors.

The other major brewers are in the process of notifying their trade customers of price rises which have been approved by the commission.

The Welsh water authority has notified increases averaging 15 per cent covering main water services, including supply, sewerage and environmental services. The commission is expected to consider granting interim rises when it meets on Wednesday.

Meanwhile, it is to study prices in Scotland so that comparisons can be made with prices in England, Mr. Roy Hattersley, Prices Secretary, announced last night.

NUPE dispute hits ½m children

BY ALAN PIKE

A SURVEY by the Education Department showed yesterday that the local authority manual workers' dispute is now disrupting at least 1,250 schools in England.

The survey, taken on Wednesday, covered 75 out of 97 educational authorities and its results suggest that more than 500,000 children are affected.

All schools in Barking, Haringey, Newham and Gateshead—a total of 324—were closed when the survey was taken. Other particularly badly affected areas include Newcastle, Sunderland and North Tyneside.

Mrs. Shirley Williams, Education Secretary, is worried about the possible effect of the dispute on childrens' education. She is urging local authorities to consider shortening the Easter holidays.

Mr. Peter Shore, Environment Secretary, told the Commons in a written reply yesterday that about a third of the district councils in England had been affected by industrial action by local authority dustmen.

The National Union of Public Employees warned yesterday that by the middle of next week all public services in Edinburgh would be stopped by the dispute.

Staff working in the courts, municipal buildings, libraries, arts and leisure centres and car parks will be brought out by the union.

Action has already placed all 30 hospitals in the city on emergencies only.

NUPE has called a one-day caretakers' strike at the schools which will form the polling stations for a by-election at Knutsford, Cheshire, on March 1, caused by the resignation due to ill-health of Mr. John Davies, shadow Foreign Secretary.

The union intends to organise a flying picket to cover the constituency, as it is mainly composed of small villages.

Mrs. Margaret Thatcher, the Conservative leader, visited the constituency yesterday and was caught up in a dispute over the threatened caretakers' action.

Pickets give no-trespass undertaking

EIGHT former employees who have been picketing the Birkenhead premises of two associated ship-repair organisations gave undertakings in the High Court yesterday not to trespass on company land or damage company plant.

The undertakings were given in actions by Solartex and Western Ship Repairers.

After a short hearing before Mr. Justice Milmo in private, lawyers for the companies said that formal undertakings, with the same binding effect as an injunction, had been given by the eight.

They are Desmond Billington, James Sheridan, Thomas Crawford, Kevin Scully, John Brooks and Kevin Cross. All except Mr. Scully, who appeared in person, were represented by counsel.

They undertook not to trespass on land at Rose Brae works, the tanker-cleaning berth at Rock Ferry, and Western's premises at Monks Ferry Yard; and not to damage company property or to threaten or assault employees.

The undertakings are effective until judgment or further court order in the companies' actions against the eight.

Ship officers seek curb on foreign takeovers

BY OUR LABOUR STAFF

THE MERCHANT NAVY and Airline Officers' Association is urging MPs to support legislation to limit further foreign take-overs of British shipping companies.

The Government's Merchant Shipping Bill, under discussion by a Commons standing committee, includes a clause allowing the Government to prevent control of a UK company from passing to a non-resident concern were that felt to conflict with British interests.

Conservative and Liberal MPs have indicated their intention of voting against the clause. The General Council of British Shipping also opposes it.

The union, however, has been increasingly worried at the rundown of the British merchant fleet, which has seen a net loss over the past year of 4m dwt.

Post Office monopoly defended

By John Lloyd

THE POST OFFICE Engineering Union should adopt a positive attitude to the introduction of new technology and should urge the Post Office to be competitive with private companies in the electronic market place, according to one of its officials. He also says it should conduct a political campaign "to put over the positive benefits of the Post Office monopoly."

Writing in the current issue of the POEU journal, Mr. Roger Darlington, a research officer, says the union must defend the telecommunications monopoly from increasing attack. He adds that the union's views on that will carry more weight if it shows a reasonable attitude towards modernisation.

"One of the most positive ways to beat off challenges to the monopoly is for the Post Office to provide terminal apparatus as good and as fast as the private manufacturers.

"We should continue to press telecommunications headquarters to adopt such aggressive marketing and ourselves be ready to give speedy approval to the necessary field trials and so on, provided that our members' interests are protected.

"The most positive policy of all would be for the Post Office to move beyond the monopoly to the provision and maintenance of the full range of terminal equipment associated with the electronic office of the future."

Mr. Darlington says there is a "growing chorus of voices" against the monopoly, including Sir Keith Joseph, the shadow industrial spokesman, and Mr. Frank Chapple, general secretary of the electricians' union.

"The growing attacks on the telecommunications monopoly mean that we have to mount a robust and effective counter-attack . . . the over-riding need is to ensure the return of a Labour Government which believes in the monopoly and maintains it."

Steelmen consider pay draft document

BY OUR LABOUR STAFF

STEEL INDUSTRY craft unions were presented yesterday with a management draft document on which the British Steel Corporation would be prepared to negotiate a productivity deal.

The corporation, which has offered the 30,000 craftsmen 5 per cent had already indicated that a productivity deal, worth about 3 per cent could be in the offing. It was linked to a warning, however, that this would probably involve manning reductions.

Union officials said that yesterday's discussions centred on improving productivity through higher efficiency, although this did not necessarily involve changes in manning levels. Alterations in manning had not been discussed.

The union representatives, who believe the changes required in the document are worth more than 3 per cent, asked the corporation to quantify in cash terms what the changes it was seeking were worth.

The corporation's craftsmen this week rejected a union recommendation to strike from this weekend after the corporation's 5 per cent offer.

Mr. Eddy Linton, secretary of the national craftsmen coordinating committee said yesterday, however, that the craftsmen would not accept a deal worth a total of only 5 per cent, and that there was still a possibility of selective industrial action if a better offer was not forthcoming.

The Iron and Steel Trades Confederation, the industry's largest union with 90,000 steel-workers, is seeking arbitration after its offer of 5 per cent.

Lord Scanlon to take seat

LORD SCANLON, former president of the Amalgamated Union of Engineering Workers, who was made a life peer in the New Year Honours List, will take his seat in the Lords on Wednesday. He will be introduced by two former Labour MPs, both members of the AUEW, Lord Pannell and Lord Lee of Newton.

THE WEEK IN THE MARKETS

Gilts look to a hard Budget

FOR THE moment at least, the pressure has come off the gilt-edged market. Any fears that Minimum Lending Rate at 14 per cent would be insufficient to restore the market's faith in the Government's commitment to its monetary policy have been quelled as money market rates have settled back. Treasury bills, indeed, are trading in line with an MLR of 13½ per cent under the abandoned (but not forgotten) formula. Clearing bank base rates are at 13½ per cent.

Although the money supply figures for January, announced on Thursday, were as poor as expected—sterling M3 has been growing at 16½ per cent over the last three months annualised—the authorities' success in selling stock should have

LONDON

ONLOOKER

restored the balance in the latest banking month. The short tap ran out on Thursday and yesterday the market was preparing itself for the issue of new stock.

The main worry for gilts, apart from the general political uncertainties, must be that the market is beginning to discount a pretty severe budget with higher taxes and/or public spending cuts to compensate for high public sector wage settlements. If these expectations are disappointed, gilts could fall very steeply.

The prospect of such a budget is a depressing one for equities. Rising costs of labour, fuel and other raw materials are already putting pressure on profits; interest rates are high and the Price Commission has shown that it means to use its new powers by refusing price increases to Esso, Bass Charrington and Whitbread. Fiscal measures to reduce demand in the economy would not help. All the same, institutions are unwilling to sell shares at present levels and the equity indices have held steady.

Dividend distortions

Dividend controls, just as much as pay controls, produce intolerable distortions after years of application, more especially so—to push the comparison a little further—when there are more or less specious ways of getting round them. Taylor Woodrow used to have a slightly higher yield than some of its rivals in the construction sector but successive reorganisation plans (the corporate equivalent of the self-financing productivity deal) have enabled Laing, Costain and Wimpey to boost their pay-outs substantially.

TW has now come up with a rights issue which will allow it to increase shareholders' income by 50 per cent. The company wants the cash—£18¾m through a one-for-four at 315p—mostly for its property development at St. Katherine's Dock. The money could easily have been borrowed, as TW's gearing was low to start with and is even lower after a £26m property revaluation. But anxiety to increase the yield seems to have been irresistible.

TW is capitalised at a large discount to its asset value, and could therefore raise capital more efficiently by selling assets than by asking shareholders for new funds. It is quite possible to argue that TW is rated by the market as a trading construction firm, not as a holder of property assets, but the money is not being raised for spending on the construction side.

Birmid pays up

At the other end of the scale, Birmid Qualcast, which has come up with creditable enough figures after a very difficult year—pre-tax profits fell 55 per cent to £4.77m after £3m rationalisation costs—has raised its dividend by the statutory 10 per cent. Birmid is not expecting good results this year, when heavy extraordinary costs will again be charged and trading conditions are unlikely to turn up. But pressure from income-hungry institutional shareholders and the impossibility of making up the ground on a dividend if a company fails in any year to pay the 10 per cent increase combined to force Birmid's band. It is having to draw £1m from reserves to pay the increased dividend, but that must seem better than suffering a 25 per cent share price fall, like Tate and Lyle after its dividend cut, which would leave the company easy prey for a takeover. It is unfortunate that the market has become so mesmerised by the 10 per cent rule that there is very little interest in what dividend it might be appropriate for a company to pay.

Just as shares in Taylor Woodrow came under attack immediately after the rights issue was announced, Rank Organisation has been a target for bears since its own fund-raising exercise launched last month. Rank has been making it clear that it is not pursuing any major acquisition path even though borrowings have been substantially reduced.

Lonrho, by contrast, has made no secret of the fact that it regards UK equities as extremely cheap at present and whichever way the eventual publication of the Monopolies Commission report into the proposed SUITS deal goes, its takeover ambitions both in the UK and the U.S. will not be diminished. The balance sheet showed a £42m increase in debt to £280m.

Stony bid ground

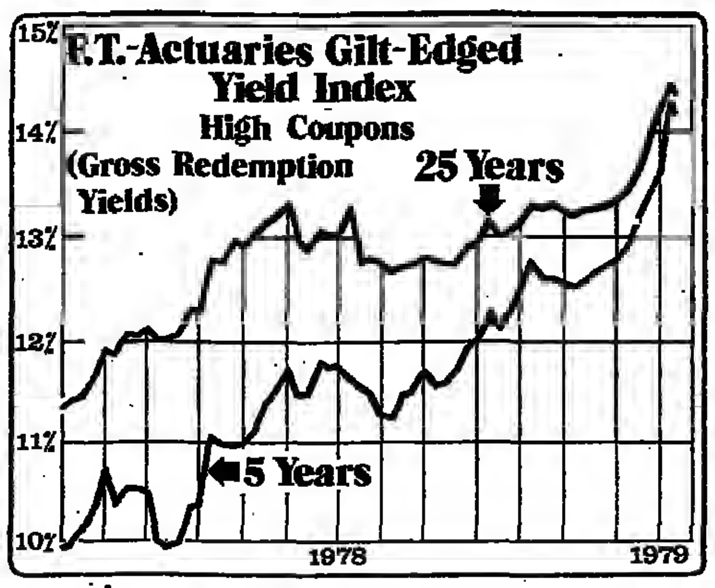
British companies may not look very expensive in relation to assets or historic earnings but the takeover ground is becoming increasingly stony. The mooted acquisition of Averys by GEC, for instance, has been referred to the Monopolies Commission even before GEC has put any concrete terms on the table.

Rockwell International has been talking to Wilmot Breeden, the motor components manufacturer and these discussions have bardened from merger to possible bid proposals. An offer of 102p per share is thought likely but, although the Wilmot shares closed on a firm note yesterday at 90p, there was little or no turnover in the stock at the end of the week as it is widely believed that Rockwell, too, will be referred to the Monopolies Commission. In that case, the two sides are expected to revert to their original plans for joint manufacturing operations.

Even without a reference, bids are having to he pursued with great ardour and patience at present. Norcros has made a higher hid for ceramic products manufacturer Johnson-Richards Tiles but the object of its attentions is still demonstrating a marked preference for a merger with Armitage Shanks.

London and Midland Industries, after a second bite at the cherry, has won Caledonian Holdings' approval for its £12.2m offer. Comet, with a 22 per cent stake aod takeover aspirations of its own, is keeping its powder dry for the moment.

The consideration is just short of the price paid by Lord Grade for Intereuropean Properties. This deal, bowever, took just one day to complete and ended with immediate approval from holders of 48 per ceot of the shares.



TOP PERFORMING SECTORS IN FOUR WEEKS FROM JANUARY 18

	% change
Oils	+9.4
Mining Finance	+7.5
Property	+3.5
Discount Houses	+1.7
Tobaccos	+0.1
Toys and Games	−0.1
THE WORST PERFORMERS	
All-Share Index	−1.21
Textiles	−6.3
Contracting, Construction	−7.4
Motors and Distributors	−8.0
Engineering Contractors	−8.1
Hire Purchase	−8.2
Office Equipment	−12.8

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978/79 High	1978/9 Low	
Ind. Ord. Index	455.3	+4.6	535.5	433.4	Emphasis on second-line stocks
Assoc. Book Publishers	300	+17	308	165	Bid hopes
Averys	197	−23	242	142	GEC p'psd bid referred Monop Com
Cawoods	162	+12	162	107	North Sea oil interests
Channel Tunnel	73	+13	105	35	Planned Brit. Rail project
Edinburgh & Gen. Invs.	38	+8	38	16½	Persistent demand
Eurotherm	283	+40	290	142	Demand in thin market
Lebus (Harris)	32	−8	70	31	Poor results
Lindsay & Williams	94	+30	96	32	Bid approach from RFD
Man. Agency & Music	136	+24	136	69	Bid hopes
Manders	127	+17	128	84	Speculative demand
Milford Docks	183	+16	190	66	Scanoil acquires stake in co.
Minet	170	+9	216	151	Links with Coroon & Black Corp.
Nottingham Manfg.	117	−11	147	102	Disappointing results
Samuelson Film Service	173	+18	173	90	Speculative demand
Siebens (UK)	284	+26	444	226	Increased revenue prospects
Taylor Woodrow	347	−22	474	330	£18m rights/dissap. p'fts. forecast
Union Corp.	360	+18	360	238	Persistent Cape buying
Wilmot-Breeden	90	+21½	90	55	Rockwell takeover talks
Wintrust	89	+7	92	60	Int. results & 20% scrip-issue

U.K. INDICES

Average week to	Feb. 16	Feb. 9	Feb. 2
FINANCIAL TIMES			
Govt. Secs.	65.17	65.09	66.21
Fixed Interest	66.02	66.49	67.76
Indust Ord.	453.0	454.1	466.6
Gold Mines	176.4	180.1	167.9
Do (Ex $ pm)	120.2	122.0	113.3
Dealings mkd.	4,823	5,247	4,407
FT ACTUARIES			
Capital Gds.	223.14	224.77	230.82
Consumer (Durable)	200.76	199.07	205.15
Cons. (Non-Durable)	205.13	206.66	209.70
Ind. Group	212.55	213.33	217.60
500-Share	240.24	239.82	241.87
Financial Gp.	167.36	167.33	170.57
All-Share	221.53	221.48	223.67
Red. Debs.	51.83	52.67	53.61

The value of do-it-yourself

COMPANY PROFILE

RAY MAUGHAM

MFI FURNITURE Group bas consistently beaten the City's forecasts over the past 18 months and the £4.32m ioterim profit improvement published earlier this week was no exception. Growth on this scale only serves to reinforce the conclusion reached by a oewly quoted furniture company, Kitchen Queen Group, "that the largest potential area of growth in Great Britain is in DIY retailing."

Whether or not tbat analysis is proved right over the long term, it is clear that MFI's performance has increased the level of competition within the industry. Kitcben Queen Group itself was oversubscribed 33 times when it came to the market last November. LCP Holdings is generally thought to have extracted a good price from W. H. Smith and Sons (Holdings) when it sold its Homecentres subsidiary for £12m last month, and Caledonian Holdings' Timberland hume improvement operation has been quickly snapped up with a proposed £5m (plus the pnrchase of £2m debt) from another market newcomer, Harris Queensway.

While the City has to make comparisona between what it sees as similar companies, MFI is "essentially its own animal," as one broker put it recently. Since the termination of the mail order interests four years ago profits bave soared from just £78,000 to the point wben MFI should be drawing a line on profits of well over £10m pre-tax for the year to May.

Although MFI may appear to be outstripping its quoted competition, it is important to compare like with like. Status Discount, for example, sells wallpaper and paint raoges in addition to self assembly kitchen units. Home Charm also incorporates decorative products ranges while Kitchen Queen is essentially a manufacturer.

The Phoenix-like rise from the asbes of the mail order division can be directly attributed to the vast volume growth achieved by MFI's expanding packaged furniture retail chain. Floorspace bas been increased by 23 per cent over the last 12 months and unit sales from the existing brancbes are thought to have increased by about 50 per cent.

Overall volme growth at the interim stage amounted to 81 per cent—prices were unchanged during the period—which once again appears to vindicate MFI's retailing philosophy.

In essence, that philosopby is dictated by the knowledge that the customer wants immediate delivery of furniture and is less aod less prepared to accept the two or three week delivery time demanded by conventiooal stores. So almost the entire range is boxed or packaged in a form which enable the buyer to put a cupboard or a table in the hoot of his car or on a roof rack. The "kit" is then assembled in his own home. That demands a high level of stocks, whicb MFI is turning over arouod five times a year, and each outlet of around 20,000 sq ft allocates roughly a quarter of its available space to the stockroom.

East European and Italian suppliers still dominate the opportunity to run long production lines has tempted many British manufacturers into the market to the point where some 40 per cent of MFI's needs are supplied by the domestic trade. Giveo the short delivery dates and the close co-operation of style and fashion that the indigenous prodncer can offer, this is a proportion that Mr. Southon is keen to lift.

This trend may open the door to new market entrants bnt MFI is ready to cut its gross margins should the need to repel competitive forces occur. Net margins in the half year almost doubled to 14.9 per cent which says a great deal for the impact of a sharp rise in throughout on a fixed cost structure.

There are obvious questions about the pace of growth over the medium term. But in the near future analysts are confident that profits will reach about 12.5m pre-tax this year. MFI is likely to pay tax at around 20 per cent, but on a notional full cbarge earnings of about 27p per cent share indicate a prospective p/e of 8.

The share price is now four times higher than the 1978 low and the run up bas been emphasised by tbe limited market in the shares. The proposed scheme of arrangement by which the trading and property procurement divisions are to be separated is, in effect, a two-for-one scrip which should serve to raise MFI's marketability.

The capital reconstruction will have the equally important effect of lifting all dividend restraint for the next two financial years. As a result of the missed dividend in 1975, MFI would have been restricted to a 10 per cent dividend increase had the scheme not been arranged.

As it is, the projected dividend still only yields about 3 per cent. But the market is hopeful that MFI will double the payment again next year—providing some prop to the share price.

Keeping its head down

NEW YORK

JOHN WYLES

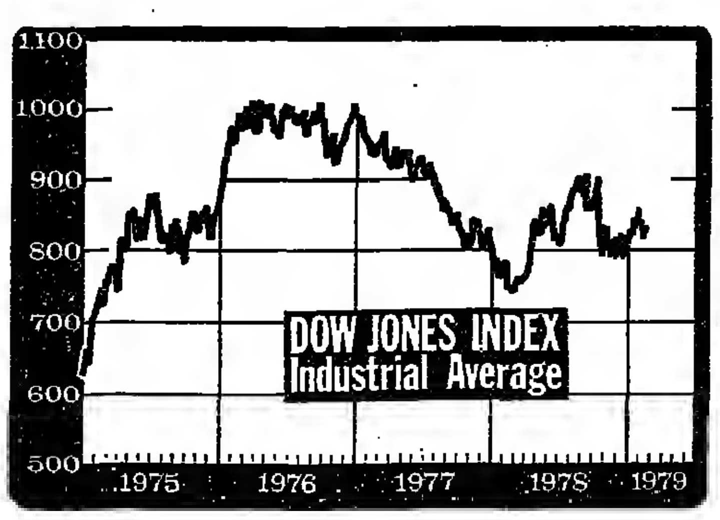
SOME SAY ENNUI, others say uncertainty, but whatever the cause the U.S. stock market is making about aa much progress at the moment as A jumbo jet stacked above Kennedy Airport.

This is keeping a hloom on tbe cheeks of some analysts who are stressing the hardy qualities of tbe market as they lead it around the investors' parade ring. Is it not remarkable, they say, that the beast is standing firm in the face of the lashing gales from the Middle East. Neither the turhulence in Iran, nor the tragic assassination of the U.S. Ambassador in Afghanistan nor the wave of opportunistic oil price increases sweeping through OPEC have brought this fine and sturdy animal to its knees.

The institutional investor murmours politely "yes very interesting" but refrains from digging deeply in his pocket because he does not know whether he is buying a bull or a bear. To many the shiny coat and muscularity is deceptive and owes a great deal to a befty course of anabolic steroids in the form of lustrous earnings figures from corporate America. Estimates of a 25 per ceot increase in business profits in the fourth quarter and of 15 per cent for the year look reasonably accurate and without doubt the earnings reports of the past three weeks have provided a vital counter tn the disturbing news from abroad.

But the profits reporting period is now coming to a close and increasingly it looks as though the 1978 profits performance will be no guide to what is likely to happen in 1979. Even on an Administration's ptimistic assumption of a 2.2 per cent growth rate in 1979, profits are going to be barder to come by. Some analysts have argued that 1978 profits have underlined the stock market's cheapness hut a potent counter view is that if after-tax corporate profits are examined in the light of inventory valuation adjustment and capital consumption allowance in constant dollars then, thanks to inflatinn, earnings are still below the peak levels of 1966. Now that oil prices look likely to rise this year by more than the 10 per cent average adopted by OPEC last December, businessmen are becoming increasingly worried about the impact of higher energy costs on inflation and their profits.

Economists employed by the Business Council, whose members are 20 of America's largest corporations have reflected this in projections published this week. Whereas last September the Council believed a 2.5 per cent economic growth rate likely this year, their latest estimate is less than 1 per cent. Unemployment, says the Council will rise from 5.8 per cent to 6.8 per cent and the Consumer Price



Index will rise by 7.5 per cent this year instead of the 7 per cent forseen last September.

The Council is still closer to sharing the Government's modest optimism about the outlook than many private economists but it is now much closer to predicting a recession this year than it has ever been. By the time its next forecasts are published in the spring, the Council may well have parted company completely from Mr. Michael Blumenthal and his Treasury view in so far as the stock market has reacted to anything in particular this week. Iran has sparked a greater interest in oil and coal stocks and some aversion to industries that could clearly be bruised by the impact of higher fuel prices. Here the focus bas been on airline stocks, the centre-fold of many a 1978 portfolio. In the view of at least one airline analyst the market may be making a serious mistake. In 1974, when the world was viewed througb a film of suddenly expensive oil, U.S. Airlines were forced to attack non essential costs and to reduce capacity. As a result aggregate profits topped $350m, which was double their net earnings of 1973. When the shrapnel is flying, the advantage does not always lie with the man in the trench.

CLOSING INDICES

Monday	824.84	+2.51
Tuesday	830.21	+5.37
Wednesday	829.70	−0.43
Thursday	829.09	−0.69
Friday	827.01	−2.08

FINANCE AND THE FAMILY

Shares allotted to minors

BY OUR LEGAL STAFF

Is it legal for minors to respond to public offers for sale of shares?

It is perfectly permissible for minors to make an application for the allotment of shares. However, directors usually do not make allotments to people whom they know to be minors, because the minor can repudiate the transaction before or on attaining her or his majority.

Precedents for a transfer

I recently inquired as to the wording necessary to give effect to a part transfer by way of gift of a share in my home and you replied suggesting I consult the Encyclopaedia of Forms and Precedents (4th edition) Volume 19 at 7D. On consulting it I found 7D had 44 parts. Could you please be more explicit as to the parts? Would it be necessary to effect first registration if these shares were gifts from my wife and me to our children? Would it be necessary to indicate the present estimated value of the property?

We had in mind to adopt precedent 7.D.10 to set up a declaration of trust dividing the equitable interest into a large number of shares (but not bringing in an extra beneficiary) and then using 7.D.11 to assign the shares which are to constitute the relevant years exempt gift. Registration of the assignment would be neither necessary nor appropriate, as the assignors remain the proprietors of the legal estate. The only indication of value required is a certificate of value to qualify for exemption from stamp duty: but an accurate valuation is not required.

A spouse's estate

Some time ago you advised me that "a second spouse could not only spend all the first spouse's estate, but his/her whole estate as well, in which case no CTT would be payable at all." Yet in a Law Society pamphlet "Capital Transfer Tax — effect on Wills and Lifetime Gifts," indicates that in the event of the second spouse disposing of assets from the first spouse, then tax is charged in the ordinary way. Could you please comment?

We think that the reference to "disposing" in the pamphlet is to disposing otherwise than for value. If the money is spent (i.e. used to buy goods or services) rather than given away, no tax will be payable. If it is given away the ordinary rule applicable to transfers by way of gift will apply.

Trees on highway verge

I refer to your reply under Trees on Highway Verge (December 2) in which you indicated that it was for the Highway Authority to take action with regard to dangerous trees which were part of the highway. I am enclosing a letter in which you see the county council expresses the view that as the subsoil of the verge in front of my garden is mine, it is for me to take action which, if necessary, they can enforce. Who is right?

The views expressed in the letter from the County Council do not accord with the opinion of the editors of Pratt and Mackenzie's Law of Highways (21st ed., page 22, Note (k)). We prefer the view expressed in that text book.

Child's premium bonds

I have bought premium bonds over the years for my children who are both minors and I am wondering what the legal position would be if, in the unlikely event, one of their bonds won a major prize. Would I be obliged to hold the money in trust for the child, pending his/her reaching the age of 18 years? Presumably I could apply the prize money or part or it for the child's maintenance, welfare, and education but would it be legally correct for me to use any of the money for similar purposes for the other child? What would the position be if the child died before reaching the age of 18 years?

The prize money would belong to the owner of the bond which had won the prize, i.e. to the child. It would be necessary to hold the money in trust for the child until its majority because the child cannot give a good receipt for the money before then. Advancements can be made in accordance with Section 32 of the Trustee Act, 1925. If the child died while still a minor the money would devolve as on the child's intestacy.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Returning from abroad

I am a Scot by birth and after living abroad for many years, am proposing to return home. I have a bank account in Canada and South Africa, in both of which countries I have investments, mostly in the names of bank's nominees. When I return, shall I be able to retain my foreign bank account and my foreign shares? How generally do you advise me to arrange my financial affairs, before and after my return?

After you are designated, for exchange control purposes, a resident of the UK exchange control area (the British Islands), you will have to bring your stocks and shares under the control of a UK bank—or other "authorised depositary"—but you will not be compelled to dispose of them, nor will you be required to import the actual share certificates into the UK.

You will probably not be allowed to retain substantial funds in your existing bank accounts overseas, but you will almost certainly be given permission to retain an account in Canada and in South Africa for the collection of dividends etc., so that remittances can be made to the UK at convenient intervals rather than dividend-by-dividend.

Detailed guidance on UK exchange control is best sought from the UK bank which you intend to use after you return —or from your own bank's London correspondents. The UK bank will also probably either be able to help you with your UK income tax, capital gains tax and capital transfer tax problems or at least be able to put you in touch with a suitable firm. We take it that you are, and always have been, domiciled in Scotland, but in any case your domicile of origin etc. should be mentioned in your letter to the bank. As you have no doubt read in our columns from time to time, helpful free booklets are obtainable from the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, Great Britain WC2R 1LB; we suggest you read booklet IR20 (Residents and non-residents: liability to UK tax) and you may also find help in booklet IR1 (Extrastatutory concessions).

To minimise your prospective capital gains tax liabilities, you should wash the accrued gains out of your existing portfolio before the beginning of the tax year (ending April 5) in which you intend to return to the UK. It is important to bear in mind that the definition of residence in the UK for income tax (and capital gains tax) purposes is quite different from the definition for exchange control purposes. In your situation, you may well decide to wash out the accrued gains by bed-and-breakfast transactions; do not agree to repurchase the shares etc. on the day you sell them.

If you expect the dollar and/or the rand to appreciate against the pound after you become resident in the UK, you should also wash accrued gains out of your bank balances (since these are potentially chargeable under paragraph 11A of schedule 7 to the Finance Act 1965). The simplest and surest way to do this is to switch banks.

UK citizens in the U.S.

My wife and I, who are British, retired in 1972 to Florida having lived all our lives in England. We started paying income tax in the U.S. and we had shares in England from which the British tax people were deducting tax although we sent them proof that we were paying tax here. We answered all questions and told them that the only time we leave the U.S. is to visit the UK once a year for 84 days only but they ignore it and still deduct same. What can we do?

It is difficult to help you without knowing a few more facts but, as time is getting short (any repayment claim for 1972-1973 must be submitted by April 5), we suggest that you write to the Inland Revenue Foreign Claims Branch asking for forms (R43) on which to claim repayment for 1972-73 and subsequent years. Their address is Magdalen House, Stanley Precinct, Bootle, Merseyside, Great Britain L69 9BB. As you say that you have had letters from a British tax office recently, you should tell the Foreign Claims Branch the address and reference number on the latest letter (if you still have it), so that they can get your files transferred; but do not delay writing to the Foreign Claims Branch, even if you cannot find the other tax office's letters, etc.

We take it that by "shares in England" you mean shares in companies resident in the UK, as distinct from shares in overseas companies on UK registers, etc. That being so, there is no way in which you can get relief from UK tax at source—which explains why your requests appeared to have been ignored—you will have to submit annual repayment claims.

In fact, no income tax has been deducted from UK dividends (ie dividends on shares in companies resident in the UK) since the end of 1972-73. For 1973-74 onwards, however, UK dividends carry an imputed tax credit at the following rates:

Tax year (to April 5)	Tax credit on UK divs	Basic rate of income tax
1973-74	3/7ths	30%
1974-75	33/67ths	33%
1975-76	7/13ths	35%
1976-77	7/13ths	35%
1977-78	17/33rds	34%
1978-79	33/67ths	33%

As a Commonwealth citizen resident in the U.S., you will be entitled to recover at least 23½ per cent tax in respect of your 1972-73 dividends (which will have suffered tax at 38¾ per cent) and, for subsequent years, you will be entitled to payment of the imputed tax credit minus tax of not more than 15 per cent of the dividends. It is not necessary for you to await ratification of the U.S.-UK double taxation convention of December 31, 1975, as amended; the relief is due under the 1966 protocol to the 1945 U.S.-UK convention. In conjunction with section 98(1) of the Finance Act 1972.

The law of non-disclosure

"IT HAS BEEN for centuries in England the law in connection with insurance of all sorts, marine, fire, life, guarantee and every kind of policy that, as the underwriter knows nothing, and the man who comes to him knows everything, it is the duty of the insured . . . to make a full disclosure to the underwriter . . . of all the material circumstances."

"Every circumstance is material which would influence the judgment of a prudent insurer in fixing the premium or determining whether he will take the risk."

These two propositions, the first from a leading judgment on an insurance dispute the second from an insurance statute, are fundamental to the transaction of insurance of all kinds not only in Britain but in many other parts of the English speaking world. They are propositions which have from time to time been questioned and are now once again being challenged: this time the challenge comes not from disgruntled policyholders but from the English Law Commission which last year was asked by the Lord Chancellor, among other matters "to consider the effect, on the liability of an insurer and on the rights of an insured of non-disclosure and misrepresentation by or on behalf of the insured and to make recommendations."

Early in the week the Law Commission published what it calls a working paper, a document containing provisional views for discussion by all interested parties. Working Paper 73 can be obtained from HMSO at a cost of £2.50, though whether at roughly 2p a page its 126 pages of text provide value for money must be a matter for debate. It is of course axiomatic that the Law Commissioners must question fundamentals and must urge reform where they think modern conditions demand: but reading their latest working paper I am left with the distinct impression that unfortunately there has been no objective balanced assessment of the working of the law under review or of the evidence for and against change and no real appreciation of how insurance is now transacted in this country.

Part II of the Working Paper covers 48 pages and contains 16 recommendations dealing with the duty of disclosure and principal among these are the following four:

"The ambit of the insured's duty of disclosure should be modified and should be different according to whether or not a proposal form has been completed by him."

"Where there is no proposal form the insured should be under a duty to disclose those facts which a reasonable man in his circumstances would consider to be material . . . the insured should, however, only be under a duty to disclose fact which he either knows or which a reasonable man in his circumstances ought to know."

"Where a proposal form has been completed by the insured the insurers should . . . be taken to have waived the insured's duty in regard to any fact outside the scope of the questions asked . . ."

But . . . "a residual duty should be imposed on the insured not deliberately to conceal facts which he knows to be material and of which he has actual knowledge even if they are outside the ambit of all the questions asked in the proposal form."

When he unveiled the working paper Mr. Justice Kerr, the Chairman of the Law Commission, was at pains to emphasise that the Law Commission is not aiming to subvert fundamental principles but only to effect a change of emphasis in the way those principles operate. All insurers with whom I have discussed the working paper take the view that these proposals are in fact very far reaching and if implemented would effect much more than a change of emphasis.

But it is possible that these proposals are a matter only for academic speculation because nowadays British law reform is no longer an internal UK matter. This country is a member of the Common Market and in Brussels the EEC civil servants are even now producing the sixth version of a draft directive on the harmonisation of insurance law. It is the detailed provisions that will be contained in the final form of this directive, when it is eventually agreed, rather than the Law Commission's proposals that will control the course of insurance law and insurance trading in this country in the next decade.

Two years ago British insurers, companies and Lloyds underwriters, together drew up and agreed with government, two statements of insurance practice for the protection of personal as contrasted with commercial policyholders. One statement deals with life assurance the other with non-life contracts. These statements, I must emphasise, were not basically innovatory, but declaratory of the practice of the most reputable sections of the market. In its working paper the Law Commission does not produce any evidence of breaches of these statements but it rejects the statements because it says they are not legally binding on insurers, not legally enforceable by disgruntled policyholders and not applicable to the commercial sector. Quite clearly if the Law Commission's proposals were to come to legislative fruition, the statements of practice would be a dead letter.

From the general to the particular: let us have a look at just one of the practical consequences of one of the Law Commission's suggestions, and start at what is the beginning of the insurance contract for most people, the proposal form.

Over the post-war years in response to consumer and sometimes government pressure insurers have simplified forms by reducing the number and scope of questions asked: but of course insurers have had the legal longstop of the established law, which is that questions on the proposal form are not exhaustive and that there is a general duty of disclosure however few questions are asked.

Sweep away this general duty (except for fraudulent non-disclosure) and inevitably insurers would have to produce longer and longer proposal forms with many extra questions, the precise number depending on the class of business concerned and the particular company of underwriters need for detailed information. No one likes long forms or long form filling but public dislike apart, such longer more detailed forms would inevitably be more costly administratively for insurers in process, particularly as insurers would feel constrained to get all the I's precisely dotted and the T's exactly crossed before acceptance: and extra administrative costs inevitably involve increased premiums.

INSURANCE

JOHN PHILIP

EDUCATION

MICHAEL DIXON

WHEN I saw the cost accountant's records the wire-stitchers' work-rate looked ridiculously low. As a brand new member of the small cardboard-box company in Manchester, I thought scruples less important than results. So I timed the wire-stitchers secretly.

The stopwatch showed them working twice as fast as the records said. So I confronted the works manager with the evidence that, every year, he was giving the stitchers six months off.

"I've known that for 10 years," he sighed. "But they're t'best we can afford and won't be made to work fast always. They're people, lad, not machines."

Perhaps because that was my first real lesson about the world of work, I tend to view works managers as naturally wise. It is sad to find, 25 years later, that the Institution of Works Managers needs to learn the same lesson about education.

This week the institution has publicly condemned the schools for insufficient attention to literacy and numeracy, and for encouraging attitudes disrespectful to authority resulting in lack of discipline in young workers in industry. "There are increasing leftish tendencies among some teachers which accounts for this situation," it added.

I do not doubt that this complaint is more justified than not. But what can be done about it?

The institution's reply is six quick changes. Give regular school-lessons on industry and its contribution to national wealth. Have lectures by industrialists. Form local committees of industrialists and educators to develop and check training for industry. Organise frequent works visits to show children "appropriate" aspects of and job-opportunities in companies. Give all teachers "familiarisation" courses in industry, making careers teachers have a month of such training initially and a further week bi-annually. Provide courses of the work-experience type for final-year pupils.

This superficial prescription surely insults the Works Managers' own experience. If companies cannot make people conform to managerial convenience, the institution can hardly expect schools to do so. Education, even more than industry, is made up of people, not machines.

The children supposed to be reconditioned by lessons on and visits to industry are people, with their peculiar outlook. Many times I and my fellow pupils were driven to see factories making cars, bicycles and other things of unmistakable relevance. But the bewildering means by which these were produced seemed to have nothing to do with me at all. We regularly had businessmen to address us. All I remember is that they spoke for too long. The inhabitants of the confused world of work seemed utterly remote from us in the predictable world of education.

Moreover the productive assets of education are people—half a million teachers. Probably some would respond to "familiarisation" by teaching persuasively what I grant is a much-needed realistic view of industry. But most would inevitably go on teaching much as they had been taught and from the standpoint of attitudes formed in their early years, especially the minority with Leftist beliefs.

They worry me, too, because I know why their expectation of human society is cruelly wrong. But exposure of the fundamental contradictions of Marxism usually shakes Left-wingers no more than demonstration of the logical fallacies of western liberalism would move works managers. Left-wingers are simply convinced that Marxism is "good commonsense," and how bloodlessly to reconcile them with those to whom commonsense is precisely the reverse, is in essence a problem which human ingenuity has so far failed to solve.

The only acceptable, practical way I can see to counter Marxist teachers is to oblige educational administrators to keep them in reasonable check, and trust that their effect will be outweighed by the influence of the great majority of moderate teachers. But it is here that fulminations such as those of the Works Managers are most likely to distract education just as it is poised for its first steps in the right direction.

For example: "Attitudes in school show less respect for the established institutions of law, order and authority, which reflects in industry a consequent lack of discipline and minimal self-motivation."

The Works Managers may not appreciate the effect those words, however true, are likely to have on moderate teachers who see their duty as the diametrical opposite of churning out factory fodder. But the Leftist minority will appreciate it, and in hammers-and-sickles redoubled.

The east wind of change

MINING

KENNETH MARSTON

THE NEW mood of optimism that higher metal prices have brought to the world mining industry continues to strengthen, even though the metal producers realise that the recent gains in these prices contain a good deal of speculative froth that can only too easily blow away. After all, there has been no great change for the better in the basic economic picture of the Western world over the past few months.

But what has changed, as I pointed out a fortnight ago, is the old stagnant situation of base-metal producers aiming at little more than sheer survival and consumers seeing no need to finance stocks when these could so easily be bought "off the shelf." The recent rise in metal prices—which everybody agreed had to come sooner or later—has put the consumers into a position where they again have to think for themselves.

It is not just a question of higher prices to be paid that is exercising the thoughts of consumers. It is the much more important concern, possibly the most potent factor of all in markets, of securing a continuing adequate supply of raw materials; at a pinch, high prices can be passed on to customers but nothing can be done about a shortage of materials.

Underpinning this sudden change of mood in metal markets may well be another equally sudden change: the dramatic unleashing of a demand for a better standard of living, from the 800m-plus population of the Peoples Republic of China.

It will, of course, take many years for this vast new developing country to achieve her ambitions and in the initial phase there will be a great recourse to the resources, both of goods and services, that can only come from the West. Already huge deals are being negotiated, such as the £10bn economic co-operation agreement which Britain hopes to align with China in a week or two.

The Western world's mining industry is going to play a vital role in China's great growth programme. This will mainly be in the provision of equipment and technical expertise in the development of the country's vast mineral resources.

The latest example of this is provided by the proposals that have been submitted for the development of six projects, involving copper, tin, tungsten, cobalt and lead and zinc by the British Charter-CJB and Selection Trust groups.

In the meantime, China's need to step up its imports of raw materials—copper is a prime example — can be expected to continue. Thus the Western mining industry can anticipate the opening up of an important new market at a time when the traditional outlets are still none too buoyant. While there is little likelihood of a shortage of base-metals in the near future, consumers have some food for thought.

One of the many mining majors looking hopefully to the east is the **Rio Tinto-Zinc** group's **Conzinc Riotinto of Australia** whose big Bougainville mine is already a supplier of copper concentrates to China. At the half-year stage CRA announced a fall in earnings to A$23.2m and, fearing for the full year's outcome, reduced its interim dividend.

However, the second half of 1978 brought a change in fortunes for CRA along with most other base-metal producers. The group's **Australian Mining and Smelting** lead and zinc producer made a notably dramatic recovery with earnings in the second half of 1978 amounting to $A13.6m following a loss of A$500,000 in the first half.

This week, therefore, CRA has announced that helped by a reduced tax charge its total 1978 earnings amount to A$77m (£43.6m), only a little short of the previous year's A$77.9m. In addition there was an extraordinary profit in the past year of A$12.5m arising from the sale of the stake in **Queensland Alumina** under the rationalisation of the group's alumina interests.

The cut in the interim has been restored with a higher final payment, to maintain the year's total dividend at the 1977 level of 10 cents (5.7p). Providing that present metal price levels are maintained, the current year holds the prospect of higher earnings at all the group's major sectors with the possible exception of the iron ore-producing Hamersley.

CRA maintains an air of caution, pointing to possibility of a slower rate of growth in the U.S. economy and to the events in Iran which have led to rising oil prices. In the share market, hopes regarding the group's exciting diamond prospect at Ashton in Western Australia have attracted investors, while an opposing influence has been the anticipation of a major share issue being made.

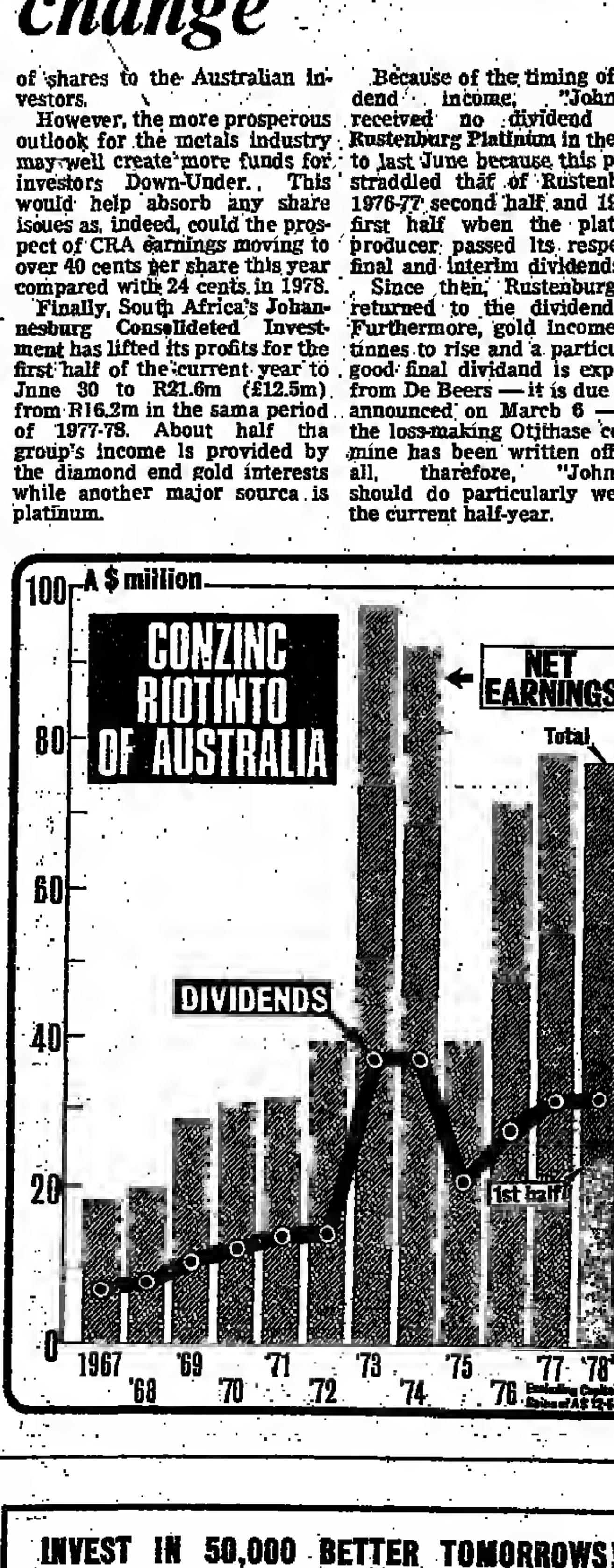
The share issue possibility arises out of the scheme under Australian Government policy on overseas investment whereby the London parent RTZ is to reduce over a long term its holding in CRA from 72.6 per cent to under 50 per cent. This will probably be done by an expansion of CRA which could involve acquisitions by way of share issues in addition to direct offers of shares to the Australian investors.

However, the more prosperous outlook for the metals industry may well create more funds for investors Down-Under. This would help absorb any share issues as, indeed, could the prospect of CRA earnings moving to over 40 cents per share this year compared with 24 cents in 1978.

Finally, South Africa's **Johannesburg Consolidated Investment** has lifted its profits for the first half of the current year to June 30 to R21.6m (£12.5m) from R16.2m in the same period of 1977-78. About half the group's income is provided by the diamond and gold interests while another major source is platinum.

Because of the timing of dividend income, "Johnnies" received no dividend from **Rustenburg Platinum** in the year to last June because this period straddled that of Rustenburg's 1976-77 second half and 1977-78 first half when the platinum producer passed its respective final and interim dividends.

Since then, Rustenburg has returned to the dividend list. Furthermore, gold income continues to rise and a particularly good final dividend is expected from De Beers — it is due to be announced on March 6 — and the loss-making Otjihase copper mine has been written off. In all, therefore, "Johnnies" should do particularly well in the current half-year.



STAMPS

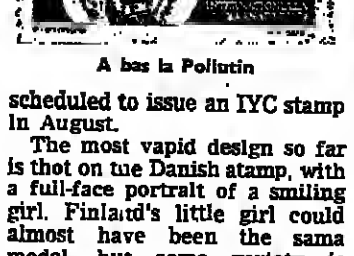
JAMES MACKAY

IN 1959, while they were celebrating the 10th anniversary of the Universal Declaration of Human Rights, the United Nations passed the Declaration of the Rights of Children. UNICEF was appointed to implement the resolutions which included such vague statements as the improvement of understanding of the needs of children, active measures to improve the living conditions of children, and the general rule that the welfare of children should be considered in every socio-economic decision everywhere. The declaration stated that all children, regardless of race and nationality, had the right to adequate food, housing and medical care, the right to free schooling and protection against neglect and exploitation.

Although 20 years have elapsed since the Declaration, the gap remains wide between the rights of children and the reality. To try to speed up the development of child welfare and to focus attention on the living conditions of children, the UN decided that 1979 should be International Year of the Child. As usual, much of the responsibility for publicising IYC has fallen on the postal administrations of the world. The UN itself is issuing four stamps and a souvenir card in May, two stamps in Swiss currency for use at the Geneva headquarters and two in American currency for use in New York. The designs of these stamps have not yet been revealed, but the UN has designed a logotype which will be incorporated in the design of most of the stamps honouring this event. This can best be described as matchstick man and the child embracing, surrounded by laurel leaves.

Some of the UN themes are so abstract in concept that it is understandable that stamp designers have considerable problems in coming up with anything original, but with the infinite variety of childhood at their disposal it would be reasonable to expect a great diversity of interesting subjects on this occasion. Unfortunately this has not been the case with some of the issues which have already appeared. Rather stereotype portraits of children convey very little, and the happy smiling faces of the well-fed group on the 15c stamp released by the United States last Wednesday certainly do nothing to highlight the serious plight of the children in deprived communities within the U.S. itself, let alone the problems of the Third World. This is all the more surprising since the artist, Paul Calle, designed the very moving Retarded Children stamp of 1974.

The American stamp for IYC is, in fact, uncannily similar to an Australian 20c stamp issued last November for the 30th anniversary of the Universal Declaration of Human Rights, which showed the smiling faces of children of four races. Australia is scheduled to issue an IYC stamp in August.



A bas la Pollutin

The most vapid design so far is that on the Danish stamp, with a full-face portrait of a smiling girl. Finland's little girl could almost have been the same model, but some variety is imparted by the addition of hearts and flowers which merely heighten the banality of the design. The large-format design of the French stamp by Odette Ballais has a silhouette of a girl sucking her thumb, surrounded by the symbolism of childhood. The Austrian design—a child's head in profile with a protecting adult hand on her shoulder—is redeemed only by the sensitivity of the modelling and engraving. Neighbouring Liechtenstein's set of three, to be released on March 8, features children drinking, eating and learning; there has to be more to childhood than this.

In contrast with this bland treatment of childhood and its problems is the Swedish stamp, to be issued on March 13. Petter Patterson's design shows a child wearing a gasmask as protection against the exhaust fumes from a car in the background. *"A bas la Pollutin"* is the slogan on one of the five stamps designed by Monegasque schoolchildren, to be released on April 30. The other designs, in the vigorously naive style of primary school art, include padlocked gun and tank symbolising world peace, and "the gift of the heart."

Hungary has adopted a juvenile style for three stamps symbolising the child at play, the child in the family and children's international relationships. Having avoided the direct participation of children in the design of stamps since the Christmas issue of 1966, the British Post Office has given way slightly by sponsoring a children's competition for the design of the first day cover to go with the set of four stamps which will be issued on July 18. The stamps themselves are being designed by Edward Hughes and reproduce characters from some of the most famous and best-loved of children's books—*Peter Rabbit* (9p), *Winnie the Pooh* (10½p), the *Wind in the Willows* (11p) and *Alice's Adventures in Wonderland* (13), using the original illustrations to the books.

Very few stamps for IYC have so far been issued in Africa and Asia but it is anticipated that many Third World countries will be participating later in the year. Mongolia issued a set of seven and a souvenir sheet on January 10 showing children in national costume, while Kenya released a set of four stamps last week, depicting children playing, singing, dancing, fishing and tending camels—a much livelier projection of childhood than that shown on the stamps of most western countries.

هكذا من الاصل

YOUR SAVINGS AND INVESTMENTS 1

With gilts in the dumps, **Richard Lambert** offers some diffident advice to his mother-in-law

Dear Mother-in-law

I was stunned to hear that you had raised nearly £300 on Great Uncle Horatio's frightful old dinner service. The news made me all the more sorry that young Sidney used the soup tureen for target practice last time we were down to stay.

You ask me whether you should put the proceeds into Government stock. As you know, I've been a bit diffident about giving you investment advice ever since I put you into Australian mining shares a week before the crash. But in this case, I really think you could do a lot worse. The boys at the office have kindly drawn up a chart, which I enclose, to help show you what I mean.

The dotted line on the chart represents the yield on a bunch of long dated Government stocks—I've copied the way the Bank of England does it in its quarterly bulletin. The other line shows the year-on-year rate of inflation.

To my mind, two features stand out. The first is that the yield on long dated stocks is currently very high, even by the standards of the past decade. The second is that the gap between the yield on Government stocks and the rate of inflation is extremely wide at present—in fact it's sent those people who are interested in that kind of thing groping for the record books.

This gap represents what is called the "real" rate of interest. In other words, it shows what is left over after allowing for the way that inflation bites into the value of money. There are a number of reasons why it is so wide at present, and most of them boil down to Government policy. Our political masters are attempting to control inflation without increasing taxes at a time when the economy has been quite strong. What's more, they themselves are continuing to borrow piles of cash in order to pay for their growing spending.

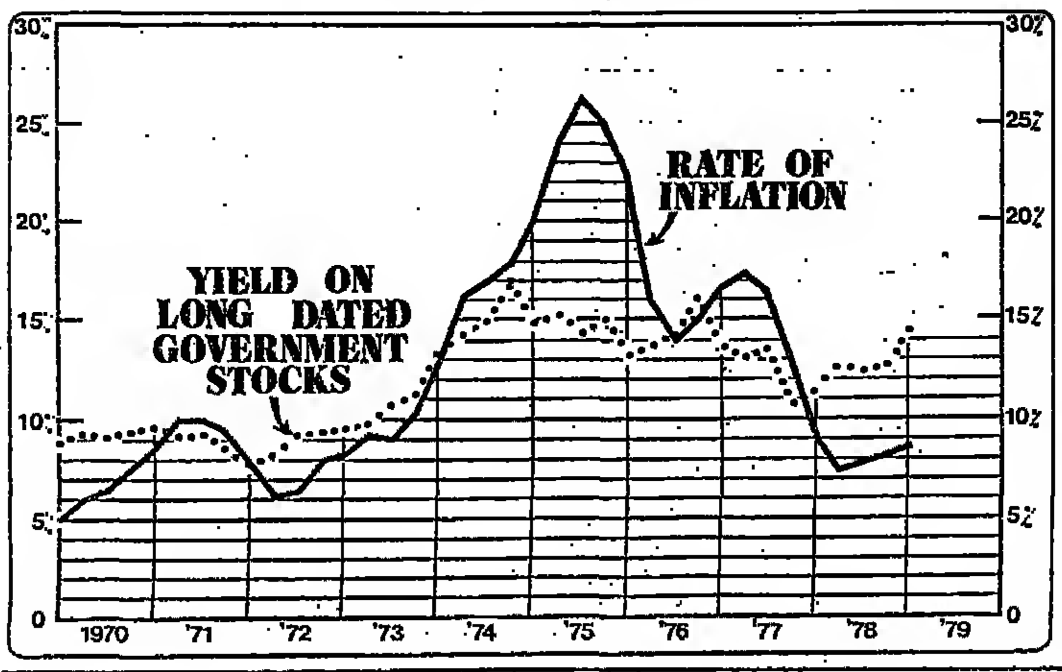
The City is a very uncertain place at present. But the one sure bet is that over anything but the short term, those "real" interest rates are going to fall. For any borrower other than the Government—which too seldom thinks about the long term consequence of its actions—such rates are impossibly expensive. Either businessmen and consumers will stop borrowing, in which case the economy will go into reverse and interest rates will fall. Or inflation will accelerate, making the cost of borrowing in "real" terms that much less burdensome. Actually, we'll probably see a bit of both over the next year or so. The way the present wage round is going, it's already pretty clear that inflation will be back in double figures quite soon. But the prospect of hyper-inflation—which scared the City witless in 1974-75—no longer looms so large. No Government these days would be able to get away with printing money on anything like the scale seen a few years back.

So there is a good chance that the gap will be narrowed, not only because of higher inflation—which is not so good—but also because of a fall in interest rates, which could be extremely beneficial for Government stock.

This is not to say that everything is going to be plain sailing from now on. Far from it. It seems very likely that the Government will run into financial trouble round about Budget time, when it is going to have to present some pretty unpalatable figures about its financial requirements. In that case, if you are smart, you might be able to buy Government stock cheaper than you can today.

But even the Prime Minister confessed the other day that he was no archangel. How much the less can we lay claim to divine insights. If you put the dinner service into long-dated Government stock now, you'll have a yield of over 14 per cent to comfort you in the tough times to come. And I will be able to sleep reasonably peacefully at nights.

Love Richard



A passing cloud in the east

UNIT TRUSTS

NICHOLAS COLCHESTER

DESPITE THE shadow cast by the Iranian situation and the fears of a fresh emergence of instability in South East Asia, London analysts remain broadly optimistic about the future of the three East Asian stock markets—Singapore, Hong Kong and Japan. But their immediate outlook they see as unsettled.

The league table of Far Eastern unit trusts' performance over the last 12 months shows emphatically why these funds were the right choice for the investor in 1978.

Yet the fireworks in Hong Kong came to an abrupt end in early November. The Singapore authorities took action to douse their own market in September. Tokyo continued its remarkable ascent till the end of January when it was halted by news from Iran and by a slump in the domestic bond market. Is the action this year to be found elsewhere?

Christopher Heath, specialist for Henderson Crosthwaite, points out that the Japan funds are now between 20 and 35 per cent liquid in anticipation of an unsettled period in the market. He feels that the dampers on the market are the inflationary dangers of higher oil and commodity prices and the probable consequence that interest rates will have to move higher in the second half. He is betting on Tokyo SE index trading in a range 435-460 for the next few months.

His long-term confidence in Japan is based on the belief that the country remains peculiarly adept at adjusting to changing competitive circumstances. In particular he emphasises that Japanese annual spending on research and development has grown 134 per cent between 1965 and 1976 while West Germany's expenditure rose 94 per cent and that of the U.S. just 3.2 per cent.

Tony Woodward of Vickers da Costa says that the Hong Kong stock market is running up to important days at the end of this month. Results from the Hong Kong and Shanghai Bank are expected to be excellent on February 27, but this will be followed by a budget the following day which will almost certainly be deflationary.

Thomas Heale of James Capel thinks that the authorities will have to judge it just right to sustain the value of the Hong Kong dollar without putting property prices—which have an important influence on the stock market—into a tail-spin. It was a fall in property prices which sent the market into its steep decline in November.

On the other hand the results coming in later from major trading companies like Swire Pacific and Hutchison are expected to be excellent. Both analysts draw long term encouragement from the rapid ideological change that is under-way in China. Woodward expects an exciting two months after the budget, but Heale is less sure.

The Hang Seng index of Hong Kong traditionally has a direct impact on the Straits Times Index in Singapore. The latter is now standing at 359 down from a high of 414.5 last September. Philip Rimell of W. I. Carr recommends continued buying of stocks representing the growing wealth of Malaysia and Singapore.

BEST PERFORMING *FAR EAST UNIT TRUSTS*

Value at beginning of February 1979, of £100 invested a year earlier.

GT Japan & General	169.9
Endeavour	160.4
Gartmore Far Eastern	158.4
M & G Japan	152.3
Allied Hambro Pacific	151.2
Henderson Far Eastern	148.0
S & P Japan Growth	141.2
Anthony Gibbs Far East and General	137.0
FT Industrials	104.1
FT All-Share	113.9

Source: Planned Savings.

Tony Ash

Tokyo stock market: Japan can cope with change

Escaping the taxman's net

HEALTH INSURANCE

ERIC SHORT

A MAJOR SNAG with permanent health policies is that you may have to pay tax on the benefits paid out if you have a serious claim.

This was the problem the Medical Sickness insurance group set out to tackle with a new policy launched this week. The Inland Revenue's rule for individual permanent health policies is that only a maximum of two years benefits are tax-free—the untaxed period depends on the time in the tax year when you become ill or are injured.

But then, as if somewhat embarrassed by playing Father Christmas, when this tax holiday period is ended, the taxman reverts to being Scrooge with a vengeance. The sickness benefits are taxed as unearned income, including the investment income surcharge. The Revenue apparently, is wary that sickness schemes could be open to widespread abuse if payments in the long term were tax favourably.

But for the permanently disabled, the change in tax treatment means a sudden drop in net income. According to Geoffrey Knapman, Medical Sickness's general manager, if a person is still unable to work after two years, he or she is almost invariably disabled for life. In 1978 the Medical Sickness alone had over 50 beneficiaries who completed the tax holiday period and changed tax status.

For example, a person receiving sickness benefit of £200 per week would find this reduced to £119 per week after tax, assuming there is no other investment income. This figure would be even lower if there are other investments producing income.

Medical Sickness now proposes to get round this problem with its new Income Shield Policy, which combines a sickness policy and a "family income benefit" life policy. The sickness policy pays the normal type of benefit for the first two years. At the end of this period, the claim is reviewed and if the company considers that the claimant is totally and permanently unfit to carry out his own or any other suitable occupation, then the income benefit insurance becomes payable in place of the sickness benefit.

Under the 1970 Finance Act, income benefits can be paid as capital sums, and are therefore not subject to income tax or capital gains tax on death or on permanent disablement. But no insurance company until now has made full use of the concession. So under this part of the policy, income payments are made from the due date until the claimant's 60th or 65th birthday, even though he or she may well have died before attaining that age. It is a straight family income benefit like the normal form payable on death.

The policyholder gets tax relief on the cost of this part of the plan. The Revenue has approved the plan as qualifying and the tax relief has been incorporated into the premium. The company does not expect to market many plans before April 6. Since payments continue until age 60 or 65, there is a possible Capital Transfer Tax liability should the claimant die before the chosen age. The company is prepared to commute the remaining payments if required to help meet any CTT liability.

This combination of sickness and life policies has an interesting effect on the premium differential between men and women—a subject of contention between actuaries and the Equal Opportunities Commission. The premium is heavier for women in respect of sickness, but lighter for the life part and these two differentials tend to cancel each other out.

For example, the net annual premium paid for a benefit of £100 per week sickness insurance, £4,000 a year disability continuing to age 65, with a 4 week deferred period would be £213.62 for a man aged 25 or £248.88 for a woman of the same age. But the same benefit for a 26 week deferred period would cost £162.63 for a man but slightly less for a woman at £160.88.

Medical Sickness was founded to provide sickness and other long term insurance to the medical profession on a mutual basis and the company itself still operates in this fashion. The premiums quoted above relate to class 1 occupations—lowerisk ones. Non-medical policyholders are insured with the subsidiary Permanent Insurance. This company also concentrates on the professional classes for its business. They have the lowest claim rates.

YOUR SAVINGS AND INVESTMENTS 2

Higher rates

SAVINGS

TIM DICKSON

WITH MINIMUM lending rate close to its record level of autumn 1976, fixed interest returns are now offering an attractive bolthole for stock market investors uncertain of the outlook for equities.

As usual the big clearing banks have been quick off the mark with a 1 per cent increase in lending and deposit rates.

Meanwhile, the National Savings movement has lifted the return on its investment account while local authority and finance house rates reflect day-to-day market conditions.

Only building societies, reluctant to push up the cost of home loans, have so far failed to respond. Admittedly the Building Societies Association has raised the recommended rate on four-year term shares from 1 per cent to 1½ per cent over the ordinary share rate but the rest of the BSA structure remains unchanged—so far, at least.

Much, of course, depends on your personal tax band so the table below has been designed to show the range of opportunities as of last Thursday.

The best bet for a nil or low taxpayer is either a local authority bond or a high coupon short dated gilt edged stock. For basic rate taxpayers, building societies are still competitive especially over the longer term.

High taxpayers on the other hand should first consider the tax free National Savings offers. After that a longer dated low coupon gilt is probably best.

Many observers feel interest rates are reaching their peak in the current cycle so now seems a particularly good time to act. In some of the examples quoted you will, of course, be locked in for the duration of the term but this drawback should be balanced against the availability (which may not last for long) of a genuine real return.

HOW INTEREST RATES COMPARE NOW

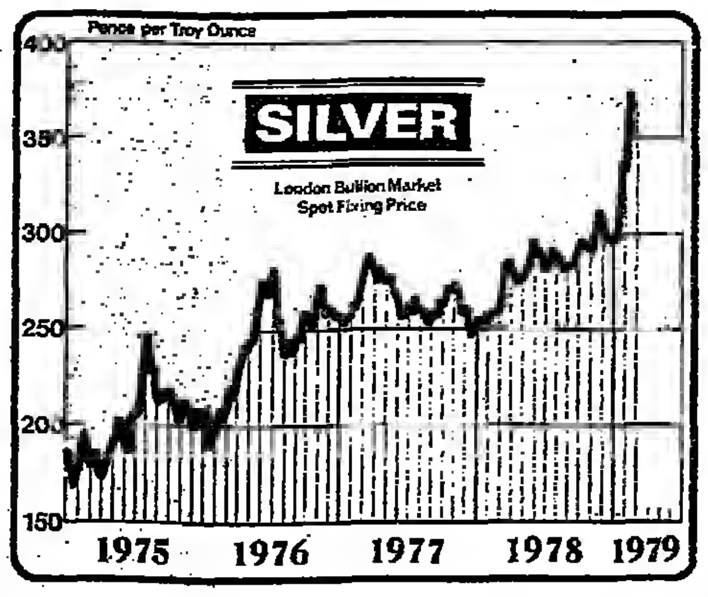
The net percentage returns you can expect, depending on your tax rate

	Tax Rate				
	nil	25%	33%	60%	83%
TOWN HALLS					
Yearling (min. £1,000)	13.375	10.031	8.961	5.35	2.274
3 yr. bond (min. £100)	13	9.75	8.71	5.2	2.21
BANKS					
Small deposits	11	8.25	7.37	4.4	1.87
1 yr. deposits (£10,000+)	12	9.0	8.04	4.8	2.04
1 yr. deposits (£25,000+)	12.125	9.094	8.124	4.85	2.061
FINANCE HOUSES					
1 yr. (£500 min.)	11	8.25	7.37	4.4	1.87
1 yr. (£10,000+)	12.75	9.563	8.543	5.1	2.168
1 yr. (£25,000 to £50,000)	13	9.75	8.71	5.2	2.21
BUILDING SOCIETIES					
Ordinary shares	8	8	8	4.776	2.03
1 and 2 yrs.	8.5	8.5	8.5	5.075	2.157
3 yr.	9.0	9.0	9.0	5.373	2.284
4 yr.	9.5	9.5	9.5	5.672	2.41
NATIONAL SAVINGS					
Ord. account‡	5	5	5	5	5
Invest. account	12	9	8.04	4.8	2.04
18th issue	8.45*	8.45*	8.45*	8.45*	8.45*
Retirement issue†	Estimated return: 10 per cent				
GILTS					
Treasury Conv. 9¼% 1980	12.435	10.229	9.521	7.135	5.1
Treasury 11½% 1980-82	13.092	10.732	9.978	7.44	5.286
Exchequer 3% 1981	9.891	9.066	8.802	7.912	7.154

† Fluctuates with inflation. ‡ Only first £70 interest is tax-free. * Compound interest over five years.

As commodities boom, **John Edwards** looks at metal speculation and **Eamonn Fingleton** at commodity funds

Metals—for hoarders and gamblers



HOARDING GOLD and silver, often under the floorboards, is a traditional way of protecting capital especially in times of crisis. UK citizens these days are forbidden to buy gold, except in the form of krugerrands and other coins. But as the recent surge in metal markets shows, private investors can still make money from speculating in a whole range of other metals.

Many speculators, following the tradition of peasant hoarding, like the feeling of owning something they can see and touch—but this tends to be impractical and costly in many cases.

Purchases are not difficult. A host of metal merchants and commodity brokers will buy specified quantities of metals for private clients. But storage can be a problem, particularly with non-precious metals. An investment of less than £5,000 in lead will buy 10 tonnes—whereas you have only about 25 ounces to store if you went into platinum or about 1,400 ounces if you went into silver.

Although metals bought on the London Metal Exchange are in the form of warrants entitling the buyer to the tonnage held in the Metal Exchange warehouses, the buyer has to pay the warehouse storage and insurance charges as owner of the metal.

In other words, the holder of the metal is faced with a continuing expense whereas most other investments would earn interest or pay dividends. It needs a big rise in the price of the metal to justify the loss of income you could otherwise have from your capital.

A more practical alternative in many ways is to use the futures trading facilities offered on the London Metal Exchange. You buy metals for future delivery and your objective is to sell at a a higher price before the delivery rate falls due. It is, therefore, a paper transaction.

A big advantage of futures trading is that the speculator normally has to put up only 10 per cent of the total price involved. If, for instance, you deposit £5,000 with a broker you can acquire the rights to delivery of metal worth £50,000 due for delivery at some time in the future (up to three months ahead in the case of the Metal Exchange). The principle is similar to placing a deposit to buy a car: one does not pay more than a deposit before taking delivery of the car.

It is this high gearing element that has given commodity futures markets such a reputation as a risky investment. Speculators tend to forget that their commitment is ten times greater than the margin deposited and the effect of price movements is, therefore, magnified ten times. It is also often forgotten that the speculator has to top up his deposit if prices move against him.

A way to limit the potential loss is to buy a "call" option. In return for a payment whose size varies according to market conditions, the speculator gets the right to buy an agreed quantity of metal at a fixed price from the grantor of the option within a specified period. But he need only exercise the option to purchase if the market moves in his favour. If it doesn't all that is lost is his original payment.

The Metal Exchange sets minimum lots that can be acquired of the six metals traded. These are 25 tonnes for aluminium, copper, lead and zinc; five tonnes for tin; and 10,000 ounces for silver. Even if you pay just 10 per cent of the total cost immediately, this can be a formidable amount for the small speculator. At present prices one lot of copper would require a minimum immediate investment of £2,500 on a transaction involving a total commitment of £25,000. On the same basis one lot of silver would need a minimum immediate investment of £3,500. Smaller quantities of silver can be bought from the London bullion brokers for delivery up to 12 months ahead. But they are basically uninterested in small business, which is normally better handled by commodity brokers dealing on behalf of several clients.

Trading on the Metal Exchange daily "ring" sessions is confined to "ring dealing" member companies only. But a large volume of their business comes from so-called "fringe" commodity brokers, acting on behalf of individual clients. These range from the big commission houses, who specialise in handling investment clients, to small commodity brokers or trading companies offering a more individual service.

Commission rates compare very favourably with the Stock Exchange. They are normally 0.25 per cent of the total outlay on the purchase and the subsequent sale. If a matching purchase and sale is made at the same time, only one lot of commission is usually charged.

The copper market has recently sprung to life after four years of depressed conditions. And although prices have already surged to the highest levels since 1974, it is argued that there is plenty of scope left on the "up" side. The same applies to silver, if one believes currency and inflation fears will continue to push gold higher. Silver has already had a remarkable run in the past few months (see chart above).

Three years of boom

IF YOU are betting on a commodity price boom, will you do better buying commodities or investing in companies that produce them? Generations of speculators have made—and lost—fortunes with their answers to this question.

After three years when most commodity prices have soared, I have checked up on who is doing better from the current boom. I looked at the performance of both unit trusts investing in commodity company shares and the new range of funds which offer a direct investment in commodities. At first sight, direct investment has in most cases been the better bet—but it would be rash to draw any conclusions for the future from the figures.

Those who argue that you should go into the commodity rather than the producer usually give as their reason that you are exposed to just one risk—the danger that the balance of supply and demand in the commodity will go against you. If you invest in producer companies, you have to take account not only of commodity prices but of extraneous factors like wage inflation among the workforce and the danger of nationalisation.

Those who buy shares in producer companies point out that they get an element of gearing: costs are to a large extent fixed, in the short-term at least, so every extra percentage point increase in the commodity price will swell the producer's profits by much more than 1 per cent.

One reason why direct investment has done better than buying shares recently is that many of the commodities which have been doing well are in many cases supplied by producers in politically troubled Africa; platinum, for instance, has soared but South African platinum mine shares are held back by fears about the country's future. And the best performers in the table below, ARMAC and Commodity and Options—both are direct investment funds managed by Commodity Analysis—benefited from an early winning streak with copper futures, which has only dimly reflected in copper mine shares.

Most funds investing direct are based overseas for tax reasons—if they were based in Britain they would have to pay corporation tax on gains. Their overseas base has the disadvantage that there is little control on management charges, which need careful scrutiny. In general the more a fund invests in futures and the less it has in real commodities the lower the charges should be.

Apart from giving an investor spread, going through a fund has a tax advantage: this is that most private investors who make a regular practice of playing commodity markets direct are usually charged income tax on gains whereas only capital gains tax is levied if you go through a fund.

RIDING THE BOOM: BUYING THE COMMODITIES & INVESTING IN PRODUCERS

A new range of offshore funds run on unit trust lines gives you the chance to buy directly into commodities—but they provide little or no income.
Unit trusts specialising in commodity company shares are usually based in Britain and levy lower charges.

	Price	Increase since January 1976 %	Main charges	Principal investments
INVESTING DIRECT				
ARMAC	$34.34	250	Up to 5% initially and 4% annually*	Platinum, gold, silver, copper
Commodity & Options	£3.12½	214	Up to 5% initially and 2½% annually*	Platinum, gold, silver, copper
First Viking Commodity	45.5p	70	5% initially* and 1% annually	Copper, zinc and coffee futures
Old Court Commodity	160.2p	40	3½% initially and 1% annually	Copper, zinc, lead and platinum
Surinvest Copper	£14.37	45	2% initially and 2.2% annually	Copper
Save & Prosper Commodity	146.4p	46	5% initially and 1% annually	Copper, tin, lead, zinc and aluminium
INVESTING THROUGH SHARES				
Allied Hambro Metals, Minerals	47.2p	26.8	3½% initially and 1% annually	Wide spread of metals and soft commodities
Arbuthnot Commodity	69.1p	80.8	5% initially and 1% annually	Wide spread including plantations, oil
Britannia Commodity	93.0p	68.1	5% initially and ½% annually	Soft commodities and minerals
Henderson Oil & Nat. Res.	32.2p	32.5	5% initially and 1% annually	Oil and minerals
Midland Commodity	77.4p	67.1	5% initially and 1% annually	Wide spread including oil and plantations
Save & Prosper Commodity	91.8p	44.3	5% initially and ½% annually	Wide spread including gold and plantations
Target Commodity	44.4p	68.1	5% initially and 1% annually	Plantations

* A charge of 10 per cent of each year's profits is also levied.

MOTORING

The Mercedes cross-country car—this is the short wheelbase station wagon—is quiet on the motorway, unstoppable on rough terrain.

Tough but refined land wagon

BY STUART MARSHALL

THE PROVENCAL hillside was rocky, rain lashed and slimed with mud. From the bottom, it looked unclimbable, but the man from Mercedes nodded encouragingly. I engaged low range second gear, pulled the front and rear differential locks and pointed the snout of the 230G at the 1-in-2½ slope.

Two minutes and a few hundred yards later it was all over. The 230G, bucking like a bronco, scattered stones and mud but never bottoming its suspension, had made what looked like an impossible climb seem routine.

The "G" stands for Geländewagen, which is Europe's latest cross-country car and a joint bid by Daimler-Benz and Steyr-Daimler-Puch to enter a world market so far dominated by Jeeps, Toyota Land Cruisers, Land-Rovers and Range Rovers.

Its parentage is impressive. Daimler-Benz, best known for prestige cars, have built nearly 400,000 all-wheel-drive lorries, most of them Unimogs, which look like a cross between a farm tractor and an army truck.

Steyr-Daimler-Puch make the tiny Haflinger (highly regarded by deer stalkers in Scotland) and larger Pinzgauer which they sell to the Austrian Army and anyone else who wants to go mountaineering in a motor car.

The "G" range of cross-country vehicles is extensive. There are two wheelbases; three bodies (canvas tilt, van and station wagon); and four engines—four and five cylinder diesel, four and six cylinder petrol, the latter with fuel injection. They are available with four-wheel drive or rear wheel drive only, differential locks on both axles or the rear axle alone, and manual or automatic transmission. Power steering is optional.

One "extra" that will not be available is free-wheeling front hubs, which are often fitted to Land-Rovers to make them quieter and less thirsty on the road. Before tackling rough country the driver has to get out and lock them manually, and Daimler-Benz consider the Geländewagen owner won't want to be bothered with that. In any case, the transmission is already almost silent, even in low range, four wheel drive, which is more than can be said of most competitors.

The transfer gearbox, uniquely, has synchromesh, so you can go from high range to low range and back again without having to stop. For a cross-country car the Geländewagen is exceptionally easy to drive, especially when automatic transmission is fitted. This has four speeds. In first, with low range engaged, I was able to go down a 45 degree slope, foot off the brake, just as one would in a manual gearbox cross-country car.

The beam axles (they are also used on a Mercedes van) have coil springs, just like a Range-Rover's. On the road, the Geländewagen rides almost as comfortably even though it has no self-levelling device on the rear axle. Performance is of course, well down on that of the 3.5-litre V8-engined 100 mph Range-Rover. The diesel-engined 240GD and 300GD get up to between 75 and 77 mph. The petrol-engined 230G is good for 81 mph and the 280GE does 93 mph.

On the nearby Paul Ricard racing circuit I found that any of the Geländewagen would cruise quietly at 70 mph, at which there was far more noise from the knobbly-tread radial tyres than from the engine or transmission. The optional power steering is excellent, all the controls are light and the whole thing feels as well engineered as one expects of a car with the three-pointed star up front.

The obvious question has to be: have Mercedes upstaged the Land-Rover and Range-Rover? The answer is: yes and no. It is much more refined than the current Land-Rover, quieter even than the Range-Rover, which suffers from transmission whine on the highway. It looks more civilised than a Land-Rover and is better trimmed inside, but neither of the Geländewagen estate cars has the Range-Rover's visual panache. In fact, the long-wheelbase "G" car looks uncommonly like a Leyland Sherpa van from the back and has double doors, not a horizontally-hinged window and tailboard.

But it has four passenger doors, too, and something many Range Rover owners object to is having to get out before their rear passengers can enter and leave.

In Germany, the Geländewagen costs from £8,000 to £10,500. In Britain, where it is due with right hand steering next year, the price barrier may be the most formidable obstacle for it to overcome. The Land-Rover now costs from around £4,250, the Range Rover just under £10,000, or £12,000 if you can't wait for years.

The cheapest "G" can hardly compete with the Land-Rover. But a long wheelbase, fuel injected, power steered 280GE with automatic transmission for the 1980 foxhunting season? I can see quite a few of them pulling Rice trailers in the shires. Anyone who can afford to maintain a couple of well bred hunters may consider £14,000 quite cheap for a car.

TRAVEL

The 14th century Gripsholms Castle on Lake Malaren

With space to spare

BY SYLVIE NICKELS

IF THERE is one of commodity that Scandinavia has more than most holiday regions, it is space: an infinity of the stuff caught between mountains or forests or lakes or fjords, depending on where you happen to be, and hugging to itself a marvellous primeval quality that seems to linger on from the last Ice Age. And to go with it are all the amenities with which those sun-worshipping Nordic nations have learned to make the best possible use of every second of their short but often brilliant summers.

Prices are comparatively high, but so are standards and, increasingly, those amenities are finding their way into packages which help to keep down overall costs. Free lance arrangements using public transport, your own car or fly-and-drive give maximum flexibility, some times combined with self-catering log cabins (developed here to a fine art), sometimes with hotel cheques interchangeable through an extensive network.

Prices quoted in this article are per person based on a party of four, unless otherwise stated.

Probably no area has a greater concentration of modern car ferries, and topping the list is the 23,000-ton Finnjet covering the distance between Travemünde in north Germany and Helsinki in 22 hours. She is the largest, fastest in the business and certainly, with her cruise-type amenities, she is the sleekest car ferry I've yet met. In their new, extensive Finnish programme, Twickenham Travel feature the Finnjet together with long cabin steys: £205 ex-UK for 18 nights in the peak season, including transport of car and two weeks' superior log cabin rental, heating, lighting, own sauna and rowing boat, but excluding bed linen and, of coarse, food.

The same company has a big Iceland programme, its less conventional free lance arrangements including camp-as-you-please, with 1-3 weeks' tent rental and bus passes providing unlimited travel for similar periods. Iceland's appeal will always be to the less conventional anyway, by the very nature of its rugged, fascinating, at times ferocious topography. Regent Holidays are well-established in a variety of Icelandic special interest tours ranging from escorted camping trips through the uninhabited interior to riding, bird-watching, botany and most other aspects of natural history. And, of course, this is incomparable riding and angling country too.

Tor Line feature 30 holiday villages scattered about southern Sweden where it is worth noting a substantial lowering of prices before June 3 and after August 12. For example, a nine-night arrangement (seven nights in village) ex-Felixstowe costs £100-£120 in the high season plus transport of car. From 13th August, this drops by up to £20—and the car goes free with four fare-paying passengers. Again, bed linen and food are extra. Tor Line are specialists in Sweden, but cover neighbouring Norway and Finland too.

DFDS, with its regular UK-Denmark sailings, have a wide Scandinavian selection, with a special concentration on Denmark. This was the first country to launch the farmhouse holiday idea whose enormous popularity continues unabated. Introduced a couple of years ago were go-as-you-please motoring tours based on attractive traditional-style inns dotted about Jutland and the island of Funen—excellent settings for meeting the eminently "meet-able" Danes. High season cost for 10 days (seven nights in Denmark with half-board) are £166 ex-Harwich, including return sailings with car. There are free lance tours, too, incorporating the Danish Rover Ticket with unlimited travel on trains, buses and domestic ferries.

Norwegian State Railways' programme includes 11-day free lance Camper Tours for £212, covering return flight to Oslo and rental of fully-equipped Volkswagen Camper with extension tent. In contrast, a series of more conventional 12-night tours cost £380-£420 per person, sharing double room, flying ex-London with full board and a combination of coach-rail-ship travel within Norway.

The famous Norwegian Coastal Voyage from Bergen round the North Cape and back is also featured in this programme, costing £490 per person in double cabin, with return flight London-Bergen. The price drops by nearly £50 from 14th August.

Other well-established operators in Scandinavian territory include Finlandia, Scantours, Travel Time (formerly Bennetts) and Argosy. And finally, one of the less likely up-and-coming holiday destinations of the world is Denmark's mammoth Arctic province of Greenland. This is not for lovers of luxury; but for seekers of the wild and spectacular from which the Ice Age never has quite gone away. Special angling tours are available, as are dog-sledge tours and summer ski-ing. Details and excellent leaflets can be obtained from the Danish Tourist Board.

Further information: Twickenham Travel, 22 Church St., Twickenham, TW1 3NW; Regent Holidays, 13 Small St., Bristol BS1 1DE; Tor Line, Anzani House, Trinity Avenue, Felixstowe, Suffolk; DFDS, Mariner House, Pepys St., London EC3N 4BX; Norwegian State Railways, 21-24 Cockspur St., London SW1Y 5DA; Finlandia, 49 Whitcomb St., London WC2; Scantours, 8 Spring Gardens, London SW1; Travel Time, 1 Hanover St., London W1R 8AP; Argosy, PO Box 100, Halesowen, West Midlands B63 3BT; Danish Tourist Board, 169-173 Regent St., London W1R 8PY.

HOLIDAY ACCOMMODATION AND HOTELS APPEAR TODAY ON PAGE 13

WHERE TO SPEND IT

HOW TO SPEND IT

by Lucia van der Post

HOME-BAKING is, if you will forgive the phrase, on the rise. Some 26 per cent of housewives now claim to bake their own bread which seems to me not only eminently sensible (in view of the propensity to strike of many of those involved in the long chain of getting our daily loaf on to the bakery shelves) but bodes well for family health and happiness. The home baker has more choice of flours and mixtures of flours and so can be sure that he is eating what he chooses rather than just what happens to be available. And then there's something about a loaf all warm and straight from the oven that no shop-bought loaf can match.

If you've tried to bake at home and have had disappointing results you might like to consider buying the *breadbowl*, a simple but cunning idea devised by one Mrs. Lorna Walker, a home economist and co-editor of "The Complete Bread Book."

The idea behind the bread-bowl is that in this one bowl all the stages of bread-making can be completed and simplified. For instance, most recipes specify that the liquid in which the yeast must be dissolved should be "luke-warm" but what exactly is luke-warm? By carefully marking levels for boiling and cold water on the side of the bowl the correct temperature can be achieved.

The second procedure that is difficult for the amateur to get right is to judge when the dough has risen enough—here again the level is marked on the side of the bowl so that there can be no doubt. As one happy housewife put it "It is so simple and takes no effort"—so if simplicity and ease are what you'd like, try the breadbowl. It's nicely boxed, is an attractive and useful bowl in its own right and it costs £3.95 from Dickins and Jones; Fenwicks, Brent Cross; selected branches of large W. H. Smiths, and from most branches of Habitat in two weeks' time.

●

WITH the feeling for a richer, more decorative look in the home, has come a demand for less severely functional-looking lighting than is usually on offer. In most shops the best lighting has been modern—anything with a remotely older or more traditional look about it has usually been hideous in the extreme.

However, for some time now British Home Stores has been introducing a softer look in lighting, alongside the modern fittings, and this 2-light decorative glass fitting seems to me to make an admirable, and not very expensive, focal point to any

room. The shade is glass, the chain and pendant brass and to give you some idea of size the overall width of the shade is about 11 inches. It costs £17.99 and is available now from major British Home Stores branches. Unless you really are fairly expert in electrical matters get in a proper electrician to fix the fitting.

●

A COUPLE of years ago now I wrote an article on this page which I headed "Whatever happened to design?" I asked the question because it seemed to me that whereas the sixties had been alive with concern for all aspects of design (function, aesthetics, social implications etc.) the seventies seemed curiously bored by the whole business. It was as if all those endless articles (of which I myself contributed a fair number) had never been written, all those exhibitions never staged, all that excitement and tension among the feuding factions never generated.

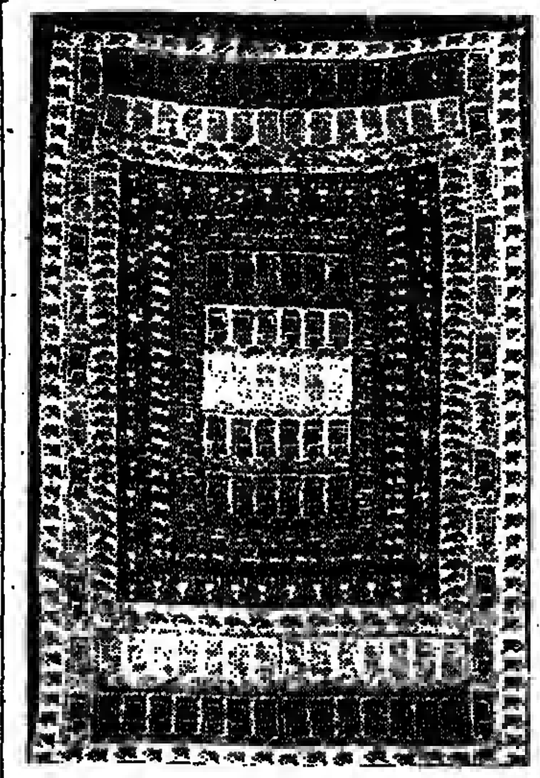
Well, I detect faint stirrings in the woodwork. The subject seems to be becoming a live issue again. I hope I'm not premature and that my few words won't kill off the signs of life but two things have given me reason to believe I'm right.

First, there's the Biedermeier exhibition at the V and A (open until April 1), which I haven't yet seen but from all accounts is well worth visiting. It displays the furniture, textile, glass and paintings of the Biedermeier style of domestic interior design and as such sounds fascinating.

An exhibition that I have seen and that, though small, is nonetheless worth visiting if you are in the area is that on chairs dating from 1655 to 1979 currently on at Coexistence, 2, Conduit Buildings, Floral Street, Covent Garden, London, WC2.

Besides the chairs themselves—there was a goodly selection of new ones I had never come across—you will first have to walk through the shop, one of the few that appears for all the world like a private house. This isn't entirely surprising as Mary Wiggin and Ross Bull, who own the shop, do often live on the premises. There is a nice eclectic choice of furniture, rugs, pictures, objects and other paraphernalia of living, most of which is for sale and which expresses the owners' own idiosyncratic tastes.

Design your own knits



IT DOESN'T seem entirely good planning to be writing about knitting two weeks running but on the other hand it is an indication that knitting seems to be in the news. For years most of us have associated it with cosy cardigans and other warming but unappealing garments.

However, over the past few years the face of knitting has been changed dramatically. Designers like Bill Gibb, Missoni, Ulla Heathcote, Mary Farrin, Kaffe Fassett, Christian and others have shown just how exciting knitting can be. The wonderfully rich designs of Bill Gibb, the subtle mixtures of Missoni, the elegant simplicity of Ulla Heathcote—all have made the home knitter wonder how she (or he), too, could achieve these marvellous designs.

From February 23 a machine will be launched on the market which will make it much easier for anybody who has such designing ambitions to achieve that aim, without the laborious business of having to knit it all by hand.

Knitmaster has been one of the leaders in the knitting machine field and it has been possible, if you were very talented and very skilful, to produce such designs on their existing machines. Patterns or designs had to be punched by hand onto cards which were then fed into the machine. Now, however, there has been what they describe as a breakthrough—the silicon chip has hit the world of knitting machines, and the first knitting machine in the world to sport it goes on sale at the end of next week.

So what is so different and marvellous about the silicon chip? It means that anybody who wants to create their own patterns and designs can do so in the simplest possible way—there are no punchcards; instead with the special pencil supplied the user can simply trace or draw a design, motif or lettering onto the graph paper, insert the graph paper into the machine and the motif will automatically be reproduced in the knitting.

By pressing a button you can do "mirror" knitting, double the motif both lengthwise and widthwise and motifs some 240 stitches in width and 600 rows deep (much larger than previously possible) can be produced.

Of course, to be able fully to exploit the capabilities of the machine will take time to learn but the basic principle that complicated or unusual designs can be achieved with this machine in the simplest possible way is perfectly true.

To give readers some inkling of its capabilities here are two designs that have been developed with the use of Knitmaster machines (they were in fact developed by skilled operators of the older Knitmaster machines but indicate the sort of designs that the inexperienced will be able to produce much more easily on the new model).

Above left is a highly complicated piece of knitting by Andrea Photiou—it could be a wallhanging or a picture or a bedspread but it shows the design possibilities the machine opens up. No longer need knitting be just for useful garments, it can now become an art form—the sort of cushion covers and knitted pictures that are found in exclusive galleries can be produced, after experimenting, at home.

Above right, is a knitted garment from Clutch Cargo's last collection. Clutch Cargo is run by Alice Chadwell and Sandra Rest, who are ardent fans of Knitmaster machines and hope to get the electronic version soon. They specialise in complicated designs, using very specialised techniques and yarns all of which they experiment with on Knitmaster machines.

I don't see the machine as being right for the sort of woman who wants to knit a few fantastic garments for herself and her family—she'd find it cheaper to buy them in an exclusive boutique, for the machine costs £739 and would therefore take several years before it could remotely be thought of as a cost-saving exercise. However, for the new and growing cottage industry market, for the woman who would perhaps like to be a bit creative at home and make some pin-money, this sort of machine will lighten the workload and encourage experimentation.

Anybody interested in the machine will be able to buy it from the John Lewis Partnership group of stores, House of Fraser stores in Scotland, Debenhams and some 150 specialised dealers.

Vegetable variations

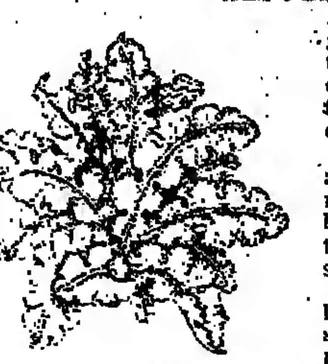
BY JULIE HAMILTON

FEBRUARY not only fills the ditches, it even, in this most severe of winters, fills the greengrocers with 47 varieties of vegetables, both home grown and imported. Some of them will be more expensive and a little scarcer than usual but the choice is abundant. In January there are 48 varieties (the odd one out being scorzonera, or black salsify) and in October there are 45. Those are the peak months. June, for example, offers a choice of only 33 vegetables. February is also the month for those without gardens to sow their kitchen window-sill gardens.

Savouring my seed catalogue from Thompson and Morgan (like many another happily harassed mother, I should have read it before Christmas) I see that they have added cucumbers and lettuce to my list of kitchen-grown vegetables, which already includes tomatoes, peppers, hot peppers or chillis, parsley and basil, which is alleged to be a tranquilliser and headache-curer. Medicine apart, basil is a must for every kitchen and is worthy of an article to itself.

Meanwhile, let us away to the cooker with this abundance of vegetables.

Purple broccoli with Poulette sauce—serves 4-6



2 lb purple broccoli, 2 oz butter, salt and black pepper, 1 level tablespoon flour, 1 egg yolk, juice of ½ lemon, 3 tablespoons double cream

Trim most of the leaves from the broccoli and plunge into boiling salted water. Cook gently until the stalks are tender. Carefully drain into a colander (retaining the liquid for the sauce), cover with a dry cloth and keep warm.

Melt the butter in a small pan and add the flour to make a roux. Slowly add ½ pint of the broccoli liquid, stirring all the time. Bring to the boil; then simmer for about 10 minutes.

Beat the egg yolk with the lemon and cream and two tablespoons of the sauce. Remove the pan from the heat and stir in the egg mixture.

Re-heat slowly, being careful not to let it boil or the egg and cream will curdle. Adjust the seasoning with black pepper and salt.

Place the broccoli in a hot serving dish, pour on the sauce and serve.

Stuffed courgettes—serves 4

Two summer-time favourite vegetables, courgettes and aubergines, are also abundant in February, thanks to imports. Here is a recipe for one of these as a change from the eternal brassica . . .

8 medium-sized courgettes, 3 oz white breadcrumbs, 1 tablespoon chopped parsley, 1 or 2 cloves of garlic, 4 rashers of bacon, finely minced, ½ teaspoon dried basil, 1 egg, squeeze of lemon, salt and plenty of freshly ground black pepper, olive oil, 2 heaped teaspoons grated Parmesan.

Plunge the whole courgettes into boiling water and cook for five minutes. Remove from the pan and leave to cool a little.

To make stuffing, blend together all the other ingredients. Scoop out from one end the insides of the courgettes (an apple corer works well) and stuff. Cover the bottom of a baking dish with olive oil, coat the courgettes by rolling them round in the oil, bake in a medium oven (375°, gas mark 5) for 35 to 40 minutes.

Braised kohl-rabi—serves 4

1 lb kohl-rabi, 2oz lard, ½ teaspoon salt, 1 teaspoon granulated sugar, 1 tablespoon finely chopped parsley, ½ pint stock (or water), black pepper.

Peel and cube the kohl-rabi. If the leaves are still on select some of the tender middle ones and cut them up with the kohl-rabi.

Heat the lard in a saucepan and add the sugar: stir until the sugar lightly browns. Remove from heat, add the cold stock (or water), the kohl-rabi, the leaves, parsley, salt and pepper. Stir, cover and simmer until kohl-rabi is tender. Stir from time to time while cooking. This is very good with a roast.

French fried cabbage—serves 4

½ firm white cabbage, 2oz flour, ½ pint milk, salt, oil for deep frying.

Finely shred the cabbage and sprinkle with a little salt, mix and leave to stand for 20 minutes. Tip the cabbage onto a clean tea-towel, fold up and shake to remove the moisture.

Dip the cabbage, a little at a time, into the milk, then toss in the flour. This is best done on *greaseproof* paper. The cabbage is now coated with the flour and can be deep fried (at approximately 375F, not quite as hot as for chips). Put just a little at a time in the frying basket, keep hot on crumpled kitchen paper while you cook the rest. Sprinkle with salt and serve at once.

Braised cabbage Hungarian style—serves 4

1 lb firm white cabbage, 4 oz streaky bacon (unsliced), 1 tablespoon vinegar, 1 teaspoon sweet paprika powder, salt and pepper, 3 tablespoons sour cream

Shred the cabbage finely, sprinkle with a little salt, mix well and leave to stand for about thirty minutes. Cut the bacon into small cubes and fry in a thick-bottomed saucepan until lightly browned. Remove from heat and add the paprika. (Genuine Hungarian paprika may be either sweet or hot. Make sure you use sweet paprika for this recipe. You should find it in good delicatessens.)

Then add the cabbage, vinegar, salt and pepper to taste. Stir well, cover and simmer for about 30 minutes. Place in a serving dish and pour on the sour cream before serving.

Red cabbage with chestnuts—serves 6

1 small head of red cabbage, ½ cup white wine, 2 or 3 tablespoons bacon dripping, 1½ tablespoons sugar, 1 apple peeled and thinly sliced, 1 cup chestnuts (peeled and whole), 1 tablespoon flour

Shred the cabbage, place in a basin, cover with boiling water and ½ cup white wine (or vinegar). Leave to soak for 15 minutes. Drain well.

Melt the bacon dripping in a saucepan, sauté the cabbage until brown, cover and simmer for 10 minutes.

In a separate saucepan cook together the apple, chestnuts and sugar, with ½ cup white wine and 1 cup water. Simmer until the apple is cooked.

Sprinkle the flour over the cabbage and add it to the apple and chestnuts. Adjust seasoning to taste and cook until well blended and thoroughly heated through.

The illustrations are reproduced from Your Kitchen Garden, published by Mitchell Beazley.

BOOKS

On the edge

BY C. P. SNOW

Turgenev: His Life and Times by Leonard Schapiro. Oxford £12.50, 382 pages

Turgenev was Lenin's favourite novelist, which is on the face of it surprising. Turgenev was a gentle middle-of-the-road character, incapable of deciding on action either for his country or for himself. Those were not qualities specially prominent in Lenin, nor likely to appeal to him. But Lenin was a cultivated intellectual, and above all very Russian. Like Russians at the present day, he must have responded to the delicate lyricism of Turgenev's art, to the wistful melancholy love for the Russian landscape, the visceral passion (as Professor Schapiro says in this biography) for the haunting vistas of birch trees and glacial lakes, stretching out as it were for ever, for the taste and smell of the Russian land, for the sound of the language.

All that is part of Russian patriotism. Lenin had it. Turgenev had it. Both spent much of their lives in exile, Lenin because he was forced to. Candour compels one to add that Turgenev found greater allurements abroad.

For me, Turgenev doesn't go anything like so near the bone as Dostoevsky or Tolstoy. No one has ever written more exquisitely about the natural scene, in particular the Russian natural scene. Very few writers have been so minutely accurate about the preliminaries, evasions, fencings, of sexual meetings. He is the master of much territory on the outskirts of love.

This compels admiration: yes, he was a beautiful writer (Russians say his actual language is a supreme delight): but, in me, the response stops about there. Compare Dostoevsky. There are only one or two occasions in the whole of his corpus when he so much as notices the landscape. His language contains startling phrases, but on the whole is pretty workaday. Yet he tells one so much more, and is so much closer to the roots of life.

Fortunately for us all, though, since a serious English hiography of Turgenev was badly needed, Professor Schapiro is much more in sympathy with him than I am. Any literate person ought, of course, to have read *Fathers and Children*, *Virgin Soil*, and the work which we used to know of as *A Nest of Gentlefolk* which Schapiro calls, more accurately but less invitingly, *A Nest of the Landed Gentry*. All these books are a great deal more voluble than works pored over in too many academic courses. To anyone with that preparation, Schapiro's biography will give a lot of enlightenment, insights into Russian nineteenth century literary and political history, and a sprinkling of surprise mixed with the author's sly pleasure.

Perhaps there should be one caution. Turgenev was the most Laodicean of all Russian liberals. He did take an active part in the campaign for liberating the serfs. But very few Russian liberals had his veneration for the Autocracy. Schapiro doesn't make this entirely clear. It didn't prevent Turgenev being attacked ferociously from the Right as well as the Left. For a quiet life, live on either of the extremes, not in the middle.

Turgenev's personal existence was at the same time not specially picturesque but very odd. He was born rich. His father came from a noble family (there was no primogeniture in Russia, and so the nobility was disproportionately large), not so lofty as Tolstoy's, but well connected enough. He had married for money, and a great deal of it. Fortunes in early nineteenth century Russia were estimated by the number of souls (i.e. serfs) one owned. The main Turgenev estate had getting on for 5,000. Tolstoy had less than 500.

When Turgenev and his brother came into the property as young men, they ought to have been well off. They shared it in equal parts, over 2,000 souls each, large expanses of some of the best agricultural land in central Russia. The brother managed his estate, stayed there, stayed extremely prosperous. Turgenev, living mostly in Germany and France, was an absentee landlord, leaving affairs in the hands of an uncle of distinguished incompetence. So Turgenev in spite of large literary earnings, was usually financially embarrassed. That didn't prevent him from looking, and living, like a grand seigneur.

His mother was power-crazed, capricious, and sometimes given to slightly deranged spasms of cruelty. Childhood and youth weren't happy, though he managed to father a daughter, having picked up one of the serf girls in the aristocratic Russian manner.

But that mustn't give the impression that Turgenev was a man of Tolstoy's violent sexuality, or Dostoevsky's happy devotion to the marital bed. It seems that few men have been less troubled or urgent about sex. He had a few affairs, but that was nothing. After a spell with one of those women, he wrote to a friend, saying that she had exhausted him. "At our age, once every three months is enough." The age in question was 41.

This indifference, though, probably helped make him one of the supreme literary exponents of the periphery of amorous emotion. It certainly helped him, or propelled him, into one of the strangest relations in literary history. He died in 1883, aged 65. For over 40 years, an astonishing amount of his existence, actions, travels, residences, opinions, was determined by the will of a woman called Pauline Viardot. She was a Spaniard, a professional singer, and a successful one. She had a French husband, a connoisseur and entrepreneur in the arts, and they had several children. For the last 20 years of his life, Turgenev usually lived with them, in the same house. When they moved to another house, he moved with them. One of these houses he helped to buy. He had lost his ego in the woman's. Nearly all his friends detested her, but that may be quite unfair. Whether he and Pauline ever slept together is not certain, but rarely, if at all. What is certain is that he was the most eminent cavaliere servente whom any woman ever had.

A sketch of Turgenev in 1871 by Adolf Metzel

Fiction

Hideous heroine

BY MARTIN SEYMOUR-SMITH

Miss Stippelkin by Eva Jones. Bachman and Turner, £4.50. 188 pages

Silent Reach by Osmar White. Macmillan, £4.50. 287 pages

Praxis by Fay Weldon. Hodder and Stoughton, £4.95. 269 pages

A New York Dance by Donald E. Westlake. Hodder and Stoughton, £4.95. 293 pages

A Steep of Spies by Palma Harcourt. Collins, £4.95. 210 pages

The Diamonds at the Bottom of the Sea and other stories by Desmond Hogan. Hamish Hamilton, £5.95. 181 pages

Eva Jones's *Miss Stippelkin* is a novel about a freak, but a novel with a difference. Gret Stippelkin is not deformed or crippled. She is just physically hideous. When she looks at herself in a mirror she wonders what could have put her together. . . . Her acquaintances share her view of herself; there is nothing conventional about Eva Jones's novel. Gret Stippelkin is an affront to nature, every woman's dream of the worst imperfection.

Gret's reaction to this is to conquer it and to achieve the impossible. Her own parents can hardly bear to look at her, but she has all the strength and will-power of her physical hideousness. She becomes as hateful inside as she is outside, and exercises power: she uses her grotesque appearance to achieve it. Even the better side of her — she is an (initially) idealistic teacher in a "girls' school — degenerates into monstrous farce: brawls and failure and revenge.

But she involves herself with a man who is as good-looking as she is horrific. She becomes a force in his life. She dominates her good-looking girl friend. She wins — but all the time loses, pitifully—so that this is no ordinary, slick, "black-humour" novel. It is certainly a tour de force, most interesting and original: a new and somewhat frightening talent is on the scene.

Silent Reach is more ordinary: it would and no doubt will make a stunningly good "quality" thriller. The author is a New Zealander who has settled in Australia; he has been a notable journalist for many years.

The "silent reach" of the title is the north-west part of Western Australia. This has been under the firm control of a millionaire—but now is slipping out of his grasp. Saboteurs and raiders are bleeding its resources with great skill and effectiveness. He brings in a terrorism expert, George Galbraith, to see what he can do. (The beautiful assistant to the millionaire is, naturally, of great help to him.) The result is predictable enough. But this is not only a good thriller on a topical subject: the author's know-how raises it high above the ordinary level of the genre —and so does his tight, controlled writing. This is a book in the Forsyth class—but infinitely better written.

Fay Weldon's *Praxis*, a serious book by contrast, is a sharp, exciting and non-nonsense story of a "bad woman." Its use of dialogue is outstandingly good in an age when one usually leaves this unmentioned if one wants to praise the book. . . .

We begin with Praxis Duveen in Brighton, at the age of five. We end with her in court, and in trouble. And Miss Weldon's achievement is to tell us, unsentimentally and laconically, just why she is not a "bad woman" at all: to show us that some women—people—are confronted with too much. This is a clever (and unobtrusively compassionate) book to be left to the reader's pleasure (and contemplation) who will be unusual if she or he fails to be compelled by it.

There is a taste for Donald E. Westlake, who is a master of the ingenious, zany thriller. This tale about a stolen statue of an Aztec priest is right up to standard: the background is carefully researched, the plotting impeccable, the craziness delightful for those who enjoy this kind of craziness. While I admit that is like life, I can't pretend to share in the taste for Westlake or for craziness.

Palma Harcourt's latest elegant thriller is set in the Ministry of Defence, which she makes a great deal more interesting than it must in fact be. As in *Silent Reach*, the subject is topical and well-researched—it is also more painful for readers in this country because its subject is terrorism in Northern Ireland.

The narrator, a senior official in the Ministry, succeeds in cooling down a crisis in which civilians are killed (in error) by British troops. It is a triumph for him. But he finds that he and his wife have become the target of a gang out for revenge (or so they claim). Campbell, our narrator, suffers tragedy—and is then viciously blackmailed. This has a good plot, full of twists, and an authentic feel. One of the author's best.

Desmond Hogan has followed up his first novel, *The Ikon Maker*, with a promising and readable collection of short stories. He is Irish, and has the Irish talent for the form: more so, in my opinion, than some better known than himself. But this ought soon to be changed.

Short stories are reckoned to be risky by publishers; but such collections as *The Diamonds at the Bottom of the Sea* ought to help to dispel doubts: the form is by no means dead or even dying. Desmond Hogan has the gift of economy; as is beautifully evidenced at the end of "Portrait of a Dancer," in which a man's decision not to kill himself is summed up in a single, short, exquisitely moving paragraph.

Coining it

Gold from Gemini by Jonathan Gash. Collins, £3.95. 192 pages

Lovejoy, East Anglian antique dealer, temporarily broke and earning a precarious living baby-sitting—10-month-old Henry's sardine, chip and egg tea is mouth-watering—and by the odd spot of forgery, gets on the track of a coffinful of Roman coins hidden on the Isle of Man. But the Romans never colonised the Isle of Man—or did they?

Lovejoy's—and his author's—encyclopaedic knowledge of antiques involves professional expertise entirely convincing. His fantastic success with women is harder to credit, especially as Lovejoy himself prefers real birds to human ones. ELIZABETH FORBES.

In and out of the cloister

BY RACHEL BILLINGTON

In Habit: An anthropological study of working nuns by Suzanne Campbell-Jones. Faber, £6.95. 229 pages

My convent education stopped in 1960. In that year Pope John came to Rome and Vatican II loomed on the horizon. From then onwards nothing has been the same about Catholic life—least of all its religious orders.

Reading Miss Campbell-Jones' anthropological study of the habits of those in habits (or not as the case may now be), it seems amazing that the pre-1960 system produced women who were able to communicate with the ordinary world at all. Not that I am suggesting that to be cut off from current standards is a bad thing. On the contrary, in the light of a nun's spiritual ambition of going to God in as pure a state as possible, it obviously makes a lot of sense. However it must also make for problems when the nun's worldly task is to communicate.

Miss Campbell-Jones has taken two orders on which to base her study. Neither is identified. But one is a teaching order chosen as the representative of "progressive thinking" and the other works primarily in nursing, a Franciscan order chosen as holding "conservative" views. Both, therefore were and are dealing constantly with ordinary sinners—even if for the teaching order at least, before 1960 the sins were only what young middle-class girls could devise.

Miss Campbell-Jones is a conscientious recorder of what she heard and saw. She gives us in every detail the rules and regulations and the geographical layout of convent life. Nevertheless the book has a curiously remote, almost irrelevant, air about it. We never learn what the nuns feel—only the pattern of their day and the developments that took place in it. Apart from pledging not to reveal the identities of the orders studied, Miss Campbell-Jones also promised not to ask intimate questions. Maybe too many journalistic "probes" have spoilt me for the objective approach of anthropology. (It's certainly spoilt me for the jargon — "communiatrionism" is one of the many horrors.) But I did feel that the theme of change was a fairly straightforward one which would have been much better served by a few revealing interviews than the repetitive build-up of superficialities.

It is particularly frustrating because the subject is such an interesting one. What did a nun who had been living in medieval clothes under a Victorian system feel when she first put on stockings and joined the tube in the rush-hour? What was it like to suddenly become a member of the consumer society? Miss Campbell-Jones asks the questions but does not answer them in any real depth.

I suspect that part of her trouble was the anthropologist's need to approach her subjects as if they were living in the Kalahari Desert. She admits herself almost with pride that before she began the study nuns were "as foreign to me as African tribesmen." One feels she never entirely got over this belief, remaining constantly and naively surprised that they were human beings too. Objective information is all very well. But it needs a good dose of insight if it's to mean anything.

Since 1960 four nuns have appeared fairly briefly in my life. The first was my old Reverend Mother on Paddington Station, unwrapped from her black robes and revealed in her jumper and skirt to be—exactly the same clever bustling woman she always was. The second was an American nun at a conference to present awards for religious programmes in television and radio. Her main concern was to find a hairdresser in Brighton who could manage her "difficult" hair. She was not so appealing. The third was Mother Theresa in a small dark room in Calcutta holding out cupped hands for the offering I was emotionally doubling in my pocket. The fourth was the nun in an anorak who listened so politely as I pressed her to save every penny and take a trip to the Holy Land (I'd just returned). And only at the end explained gently "But I have made a vow of poverty."

Where such variety exists, how can any but the most simplistic conclusions be drawn from a study, however serious and sympathetic, of two orders in England?

EDUCATIONAL

PUBLIC NOTICES

ART GALLERIES

PROPERTY

To complement their existing luxury flat development at Cannon Hill, Southgate, N14, where two-bedroom flats are selling at more than £50,000, Fairview Estates have released two-bedroom flats for sale (artist's impression above) on a new site off Chase Side, Southgate, from around £31,000. The first should be ready in June. Although the flats on this new development are not as luxurious as those at Cannon Hill, they have full gas-fired central heating and well-fitted kitchens. The price also includes a garage.

Down in Reading prices are a little different. Again, following the success of a previous development three years ago, when they sold 98 flats in nine months, Fairview are building similar flats on an adjoining site. Prices are from around £15,000 for one-bedroom flats and from around £16,000 for two-bedroom flats. Both types have a good-sized living room, fully-fitted kitchen and coloured bathroom suites. Fairview say they can arrange mortgages subject to the status of the applicant. Telephone 01-366 0178.

Historical documents

BY JOE RENNISON

TO BE comfortably off, sitting and enjoying one's historic manor can be a pleasure for some and possibly disquieting for others. To have read the history of the house could bring disquieting thoughts to those with overactive imaginations. Is that just the wind howling outside? Do the floorboards creak just a little too readily in calm weather? Is that figure on the stairs mother-in-law or the hooded monk who haunts the place?

Some properties have a history of unsavoury tenants and few more than the following.

The Manor House, Twyford, near Winchester adjoins and was formerly part of a much larger dwelling of considerable antiquity and historic interest.

A Grade 2 listed building, its exact age is uncertain, but the fact is not disputed that it was converted, probably during the reign of Elizabeth I from a much earlier structure and used as a penitentiary to house 13 "naughty" monks. (Naughty had a much wider use in those days, covering a multitude of sins.) Existing cellars would appear to be the original monks' cells.

Descriptions of Twyford Manor House in church and other records unmistakeably refer to the current building and the so-called Monastery House next to it as a single entity. The two were divided after the last war.

The manor is mentioned in the Domesday Book and was held by ecclesiastics from reigning monarchs up to the Reformation. Sir Henry Seymour, first temporal Lord of the Manor, caused a stir in the Elizabethan era by getting himself cursed by bell, book and candle by a priest whom he had beaten at nearby Owlslebury for saying the Mass in church there.

Sir Henry Mildmay, notorious as the callous guardian of the orphaned children of Charles I, lived at the house for a time after he acquired the manor under his wife's dowry in 1626.

In the Georgian period, the Manor House's stone and flint walls were given an outer skin of brick and doors, windows and interior shutters were added in accordance with the prevailing fashion.

The main accommodation consists of a large central entrance hall, a sitting room, dining room, conservatory and four bedrooms. There are more than an acre of grounds and among the attractions of the property are views across open pastureland and the meandering River Itchen to the wooded skyline at Compton. Humberts are the agents through their Southampton office. Offers of around £75,000.

It is perhaps paradoxical that a religious connection is always good for starting off a reputation of ghoulishness and thuggery association with a building. So those who are thinking of starting a family tradition might be interested in the following.

Belmont House, near Hereford, is unusual in these days in that it has its own private chapel. It is the first time that the house has come on the market for about 150 years and offers in the region of £70,000 are being sought. Seven flats have been created in part of the house. For sale with five acres of farmland and woodland, the house could be sold with further land or salmon fishing if required. In addition to the flats there is a hall, seven reception rooms, five bedrooms, bathroom, oak staircase with gallerled landing and a chapel in the front of the house with gallery over and presbytery. The flats consist of kitchen, living room and one or two bedrooms.

Iranian rumblings

THE CURRENT crisis in Iran has started to affect the London residential property market as Iranian purchasers pull out of proposed transactions due to problems at home, according to Allan Collett of Allsop and Co., who have an office in St. John's Wood, one of the favourite areas for Middle East customers.

Initially, the situation resulted in an increase in the number of enquiries both from "new" purchasers, and from Iranians wishing to sell holiday flats and buy family-sized homes. However, the increasing turbulence in the country has now made it very difficult to bring capital out of Iran and this has resulted in a crop of aborted sales.

Fortunately, interest from other Middle Eastern centres continues. Allsop and Co.'s St. John's Wood office received an enquiry last week from a Kuwait businessman for a three-bedroom flat, and within 24 hours contracts have been exchanged for the purchase of a four-bedroom flat in London House, at £225,000. London House is a modern building situated at the Regents Park end of Avenue Road.

Stormy weather

GOLF

BEN WRIGHT

LAGOS, Portugal, Feb. 16

BRIAN WAITES (Notts. G.C.), greying, willowy and elegant winner of the Tournament Players' Championship last autumn, caught but could not finally overtake the chunky little Scot Jimmy Hume (Gullane) here at Palmares Golf Club yesterday. And so the two tied for victory in the sixth and last of a successful series of 54-hole tournaments and pro-ams, put on by the London-based golf travel company, Longshot Golf, along this glorious coastline, and sponsored by TAP, the country's national airline, the tourist board, and suodry golf clubs and hotels.

Hume, over whose head passed most of the bone-chilling gales, the lashing rain squalls and occasional violent hail and thunder storms, plodded dourly through the paddy-fields that most of these courses have become, after only six dry days in the last 42, to set an early target after rounds of 70, 73 and 73, for a 3 over par total of 216. As Hume finished his round, he told Waites, about to start, exactly what he had to do to beat him for the first professional prize of £500, namely to bring in a score of 1 under par 70. Conditions overhead were improving slightly, but under foot the sodden greens were decidely shopsoiled by the dreaded spikes and heavy footprints.

Waites started uncertainly with 3 putts on the tenth green, a tricky par 3 over a ravine with water on the left, but was justly proud to have caught Hume at the finish, since knowledge of what one has to do in these situations is such a dangerous thing. In fact, Waites was rather unfortunate that a succession of birdie putts stayed on the edge of the cup, when he really got into his stride over the marvellous links-land holes along the shore, such a unique feature of any course in southern Europe.

So Waites and Hume shared £800, as bad veteran Christy O'Connor and Doug McClelland in the first event at Quinta do Lago, and O'Conner and David Ingram in the second at Vale do Lobo. The third, reduced by bad weather at the Dom Pedro Hotel Course to 36 holes was won by Vince Hood, the fourth similarly shortened for the same reasons at Vale do Lobo by Gary Logan. Last week Gordon Brand, the 23-year-old Yorkshireman who won three times here in the 1978 series, won at Vilamoura, but only after a tremendous battle with O'Connor. The latter, who faded and never seriously threatened at Palmares, produced a 5 under par final round of 68 at Vilamoura to lose by a single stroke and prove that he can still compete with the best.

The way that the 54-year-old Irish veteran has coached and cajoled his three amateur partners to team victories in each of the last three pro-ams has been heart-warming to watch in the appalling weather. But it has totally exhausted O'Connor, who reckons that his efforts to club correctly Ray Murray, Peter Wallace and self-styled anchorman Peter Henshaw this week have turned most 400-yard par 4s into 800-yard holes for him, as he has flitted backwards and forwards between his partners.

The worst winter in living memory of the inhabitants here has necessitated the use of the lift, clean and place rule, dozens of golf balls have gone for ever to ground in the centre of fairways and embedded but visible ones have been granted relief in the rough. But I firmly believe that the laying on of hands is the biggest curse of modern golf, particularly in pro-ams, since it allows unscrupulous pot hunters scope for abuse of the rules in their favour. It may seem harsh, but I would like to see the golf ball lifted and dropped only under penalty, even when hopelessly plugged. The law of averages works out very well in such cases, and the best golfers almost invariably prevail.

Joe Inman, the former American Walker Cup player, now a successful touring professional, uttered an immortal phrase last year, when he said: "Certainly, golf is an unfair game. The fair thing about it is that it is unfair to everybody." It has not been very fair to the 23-year-old Logan. In five years as a professional, he has won next to nothing, until he reappeared here after much recent tuition and hard work. Two years ago we played together at nearby Penina, and poor Gary was in no danger of breaking 80. He promptly lost his player's card and has yet to regain it. But his unfailing good humour in the face of awesome adversity, coupled to his tireless industry, has been an object lesson to scores of his brother professionals.

Delight and pleasure

GARDENING

ARTHUR HELLYER

NUMEROUS books have been written about the history of gardens including the comprehensive and well illustrated world survey of Julia S. Berrall, *The Garden*, recently re-issued in limp covers by Penguin Books at the very reasonable price of £2.95. But with the solitary exception of Miles Hadfield's excellent *Gardening in Britain* also, I believe, shortly to be re-issued in time for this special garden year, all are concerned with the development and design of gardens and scarcely at all with the tools and techniques which have made that development possible. It has been left to Anthony Huxley to work this rich vein and he has done it in his accustomed scholarly manner in *An Illustrated History of Gardening*, published by Paddington Press in association with the Royal Horticultural Society, price £12.50.

This is a big book and a fascinating one which looks at every aspect of garden technology from its dim emergence from agriculture, maybe some 4,000 years ago, to its latest developments of geodesic glasshouses and electric lawn mowers. I believe that many people will pick it up and buy it on the strength of its illustrations and that is not surprising for they really do constitute a most remarkable collection which must have cost Mr. Huxley many months of patient research to locate and obtain. I know of nothing comparable in any other book and I have already spent hours browsing through them and assimilating the powerful impression they evoke of gardening in different ages and civilisations. Although in his introduction Mr. Huxley is at pains to point out that he is concerned with method rather than manner, "the study of how gardening is and has been done, rather than its results in flowers, fruit, decoration and design" to use his own words, many of the pictures carry the imagination far beyond these fairly mundane realms. I found myself believing that for the first time I was capturing something of the essence of Chinese garden-making centuries ago, was beginning to understand what the ancient Egyptian and Persian garden makers had been about and becoming more clearly aware of the gradual steps by which, in Europe, simple mediaeval utility gardens and flowery meads had grown into the intricate parterres and flowing landscapes of later generations.

There are ten chapters in all, concerned with Origens, How Gardens Developed, the Parts of the Garden, Instruments of Gardening, Essential Operations, Advanced Cultivation, Plants Under Cover, The Lawn, Specialisation and Today and Tomorrow. The text is unfailingly well written and informative and once one can disengage attention from the pictures, repays reading time and again.

Among Anthony Huxley's pictures are a few by an 18th century artist named Thomas Robbins of whom it is certain that most garden lovers have never heard. Until a few years ago that was also true of most art specialists for the memory of this artist had become confused with that of his less gifted artist son also Thomas. The disentanglement began in 1967 when the Bath and West Agricultural Society offered for sale at Sotheby's pictures of exotic plants and insects by Thomas Robbins. This aroused quite a lot of interest and soon a reviewer was attributing to this artist a *Prospect of Bath from Beechen Cliffs* painted in 1748. Someone a little more wide awake pointed out that this was a remarkable achievement for a lad of nine, this particular Robbins having been born in 1748. A little research revealed his father as the painter and soon pictures by Thomas Robbins the Elder were being unearthed from many places particularly in the west where he did most of his work, including recording the rebuilding of Bath. An exhibition was held in London and showed this Robbins as a fascinating portrayer of gardens of the mid-eighteenth century, not the gardens of the great designers of the period such as William Kent and Lancelot Brown but those of lesser known garden makers and amateurs mainly following esoteric byeways of the landscape movement which already pointed the way towards the picturesque and romantic excesses which were later to swamp the relative austerity of the classical period.

Now a number of these pictures have been reproduced in a limited collector's edition by the Basilisk Press with a smaller accompanying volume containing more pictures and sketches and a thoughtful explanatory text by John Harris who has been largely responsible for the rehabilitation of Thomas Robbins the Elder.

In their much more limited field I find these pictures as fascinating and revealing as those in Anthony Huxley's history. I do not think anyone would rate Robbins high in skill as an artist but he paints with style and complete involvement and the title chosen for these two beautiful volumes, *Gardens of Delight*, is entirely justified. Not that many people today would wish to make gardens remotely like those which Robbins so lovingly portrays. Only a few, such as the simple landscape at Honington Hall in Warwickshire with the River Stour channelled by Sanderson Miller to make a sweeping bow across the middle distance and, in a second picture pouring over a weir between ornamental piers rather in the manner of the much bigger cascade at Studley Royal, are really agreeable in present-day taste.

Most are unduly cluttered with bric-a-brac, mainly in oriental or gothic style, this being a period when both these very different visions of beauty were in favour and everyone who aspired to be considered of importance had to erect a Chinese pavilion, a bamboo bridge or a gothic tower. Even so sensitive a gardener as Lord Cobham was erecting a hideous gothic building among the Roman splendours of Stowe.

And yet, though I feel that there is scarcely a garden here in which I could bear to live, the book itself is an endearing and enduring treasure. Partly this is because it is such a unique period piece but the magic lies also in the pictures themselves with their slightly faded colours and their elaborate ornamental surrounds of flowers and insects. Once again one is enabled to eavesdrop into the lives and manners of a bygone age with an intimacy and revelation rarely possible to communicate by words alone.

Finally, while I am on the subject of beautiful new books for collectors, let me record that the long awaited fourth and final volume of the superbly executed reprint of P. J. Redouté's *Les Roses* is at last to hand. The plates in this set were reproduced from particularly fine originals and have been excellently reproduced by De Schuiter s.a. of Antwerp from whom the books can be obtained. The price is high, 20,000 florins for this last volume alone, but they could well be a good investment quite apart from the pleasure the four volumes give as works of art.

ARTS

Pull of Polynesia

THE DEATH of Captain Cook 200 years ago has been the main inspiration of this week's radio. Not only have we had a major documentary feature about the man on Radio 4 but a whole evening devoted to the part of the world he opened up and its culture on Radio 3. Previous evenings of this kind on 3, devoted to the Caribbean, the Irish, the Dutch, have tended to centre on a single dramatic work as a climax, with talks, discussions and music programmes in between.

The form of the *Polynesian Evening* (Radio 3, February 12) was rather different since there are no Polynesian playwrights yet of international importance (some interesting novelists are beginning to emerge). Music and dance seem to be the main performing media and there were erudite talks about both which showed through a wide range of examples how deeply rooted a sense of performance is in the life-style of the islands.

Inevitably in the course of the evening many cherished myths were shattered. Gauguin just about got by as an accurate portrayer of the beautiful physique of the people, but the popularity of his paintings has disguised the ugly facts of malnutrition and disease, exemplified in the prolonged agony of his own death. The French and English-speaking writers of the early part of this century who visited the region and turned it into literature, Melville and Loti, Stevenson, Rupert Brooke, Maugham, H. de Vere Stacpoole, were guilty of gross simplifications.

In the words of one contributor to the evening's main feature, *Polynesian Non Emerges*—a most interesting programme presented by Peter Gathercole of the Cambridge Museum of Archaeology and Ethnograph—"they manipulated the model." Mainly they manipulated it in order to reveal Polynesia as an earthly paradise where western inventions like sin and sexual jealousy were unknown and total promiscuity was the norm.

It was never, apparently, quite like that. Even in Polynesia people were expected to be faithful to their spouses, though on occasion they might offer their wives' or daughters' favours to a visiting dignitary as a mark of homage. Before marriage a free-for-all situation did obtain (it seems to have been not unlike the prevailing practice in the West today) among the youth of the islands; any unwanted children that might emerge from these liaisons were either raised by their grandparents or killed off shortly after birth. The prevalence of infanticide as a solution to the problem of family planning would be one aspect of life in Polynesia that would jar upon the sensibility of a modern romantic liberal were he transported there in the company of Cook, Banks, Forster and the rest.

Another displeasing aspect of the society to a modern egalitarian would have been its hierarchical structure. At the average dinner-party, with breadfruit for a starter, the men would sit with their mouths open while their wives placed the food therein. Finally the islanders were by no means merely passive, non-violent creatures wholly subordinate to the sway of the white man, as Cook discovered to his tragic cost when he pushed his luck with them in February 1779.

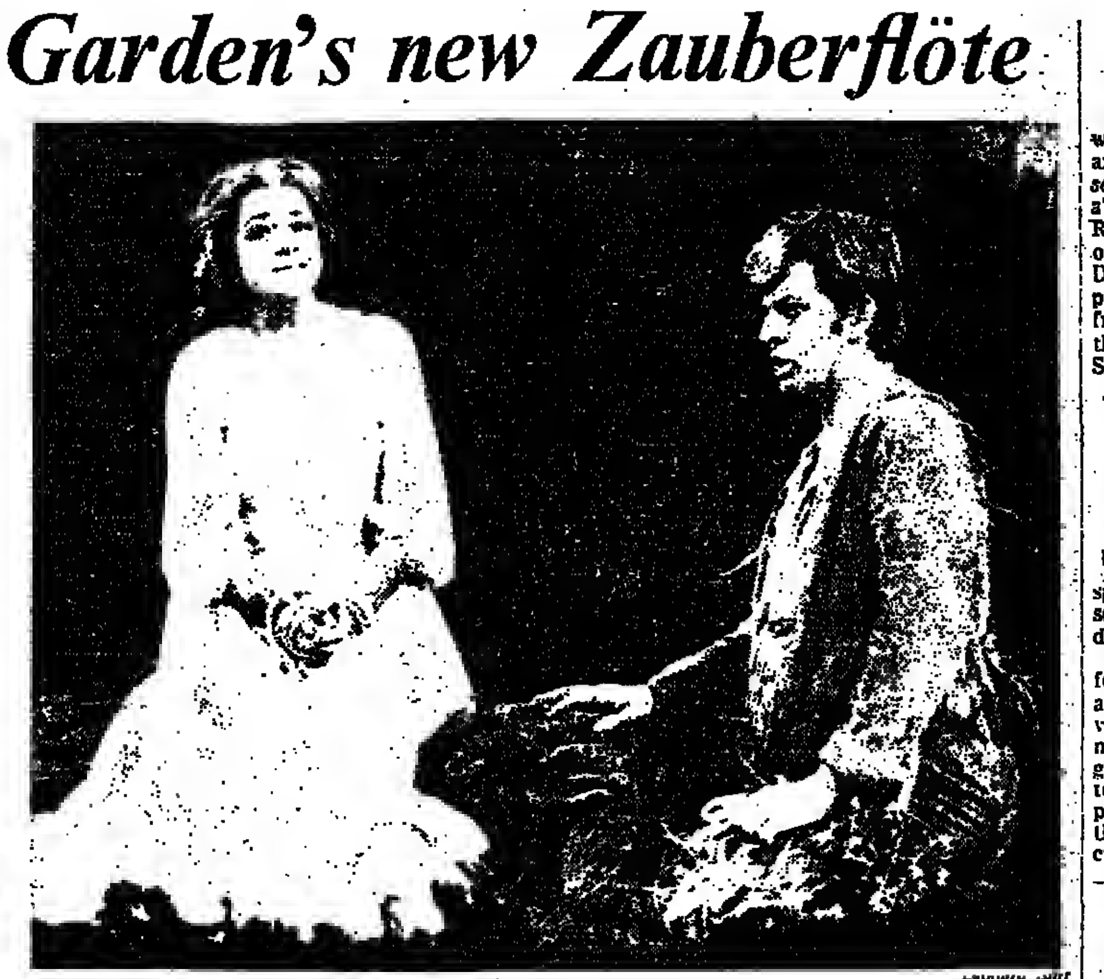
The programme devoted to his career, *James Cook, A God in the Pacific* by Tim Rose Price (Radio 4 UK, February 14), was admirably researched; it was rightly given a generous helping of time (85 minutes) on the air and covered the Yorkshireman's rise from humble origins, his three voyages and ultimate acceptance by the 18th-century English establishment, with conscientious thoroughness. Brian Blessed impersonated the voice of Cook and suggested in dour Yorkshire tunes a fearless uncompromising authoritarian. Appropriate sound-effects were laid on to back up this conception but the piece of Birmingham, Roger Pine: Polynesian chanting and stamping, wind and wave crashing over the bows and sails of vessels, named aptly Resolution, Adventure, Discovery.

Ungratefully, and perhaps unreasonably, I longed (after the mass of documented fact about the region two nights before) for something more dramatic and more speculative. I am still not clear exactly why "the God in the Pacific" had to die in the way he did or even why he was a God in the first place. Cook is second only to Nelson in the national pantheon and there is room for a good radio play about him.

RADIO

ANTHONY CURTIS

Covent Garden's new Zauberflöte



Ileana Cotrubas and Thomas Allen

OPERA

RONALD CRICHTON

Covent Garden's fifth production of Mozart's Zauberflöte since the war (I hope I have counted right) opened on Thursday night. The new one, sponsored by the Creditanstalt of Vienna and the Royal Opera House Trust, is based on last October's Munich staging by August Everding, the Bavarian State Opera Intendant, in designs by Jürgen Rose. Conductor (Colin Davis) and cast are different, the scenery and costumes were made here and belong to Covent Garden—so they won't be whisked back to Munich at the end of the present series of performances. The point is worth making because Jürgen Rose's designs were the most striking feature of an evening of several pleasures that haven't yet had time to settle down together.

We have emerged from the period of austere *Magic Flutes* banishing rococo frivolities and exalting the serious aspects of the many-sided opera. At the Coliseum the ENO have a version that is decorative as well as practical. At Glyndebourne the Hockney designs first seen last summer are already celebrated. A few weeks later, Ponnelle at Salzburg mounted the opera in the Felsenreitschule in a way that came as near complete satisfaction as one is likely to get—about three-quarters home, probably, which is further than most.

At Covent Garden Rose uses painted cloths and gauzes with architectural and horticultural fantasies from the worlds of famous *Zauberflöte* designers of the past, like Joseph and Simon Quaglio in Munich and Schinkel in Berlin (Beecham borrowed some of his historic sets for Covent Garden just before the war), whose projects can be seen in the well illustrated but not always informatively-captioned programme. There is a jungle-panorama cloth in act one of the type intended for *Parsifal* but rarely seen there, slowly unrolling during the approach to the temple. The temple scenes in act two are neo-classical and baroque-romantic: one pretty prospect of ruins is too cluttered for the priests' "Isis and Osiris" chorus and for Pamina's lament. Two spiky trees permanently sited by the proscenium arch served no obvious purpose and looked out of style.

At first acquaintance Everding's handling of the action within these mainly pleasing pictures showed no great distinction or consistency. Nothing was glaringly wrong or gloriously right. The implication at the end that Tamino takes over the direction of the temple from Sarastro, like Parsifal at the end of his opera, is interesting. The women's voices which Mozart included among his priests are sung by women clothed as such and waving palm-fronds: this is not illogical but it turns the finale into an odd mixture of *Aida* and *Fidelio*. When the curtain rises after the overture the Queen of the Night is seen aloft, silhouetted against the sun, watching the serpent's pursuit of Tamino—once she has been seen in a commanding position she can be allowed to sing her first as well as her second aria downstage, in safe contact with the conductor.

The Queen in this cast, the Polish soprano Zdzislawa Donat from Munich, was the only newcomer to the house. Miss Donat has come on since she sang the role at the Zurich Festival a few years ago: the voice is stronger, with more gleam, and it is firmly in tune. There isn't the dramatic power of Edda Moser or the imaginative quality of Gruberova, but there is much to be thankful for. The Pamina of Ileana Cotrubas, a little subdued on the first night, was still uniquely touching, musical and intelligent—Miss Cotrubas is surely one of today's artists who will be remembered. Robin Leggate's Tamino is very promising. The portraiture was too strenuous, but there will be time to Tauberise later; the important scene with the Speaker and many crucial phrases in the second act showed real grasp of music and character.

The men are altogether strong. Robert Lloyd's Sarastro is admirably sung and in presence nicely balanced between dignity and kindliness. Donald McIntyre's gentle and steady Speaker proves that a long diet of Wotans need not put Mozart out of reach (the priests are shown as 18th century Masons, some of them decidedly elderly, needing new blood like the Knights of Monsalvat — curious how often *Parsifal* sprang to mind). Thomas Allen's Papageno, as finely sung as Mr. Lloyd's Sarastro, made less impact as a whole because though he did his comic routines ably (one cannot imagine Mr. Allen ever being at a loss on the stage) and though his German is fluent, he has not yet found the essential quality of naturalness—he needs to think the role more through his own personality. Playing Papageno in German to an unresponsive audience of Covent Garden first-nighters must be Hell.

Alberto Remedios graced the short but rewarding role of the First Armed Man. There were other good voices in Sarastro's realm, including three Boys equally sure of themselves in airborne chariot or floral dinghy. The Three Ladies were Lorna Haywood, Ann Murray and Elizabeth Bainbridge, individually strong, not blending smoothly enough until their last scene. Their upstaging of one another on their first appearance will be funnier when they do it deliberately. Good average Papagena and Monostatos from Lillian Watson and Paul Crook.

Colin Davis and the orchestra gave the overture impressively. The first act, in spite of good things, did not quite add up—something perhaps to do with relative speeds. It was not one of the nights when Mr. Davis decides to whittle down the orchestra. There was plenty of sound, crisp and resonant. The second act flowed more happily, with respectable choral singing and some lustrous and illuminating playing from the orchestra. Ever and anon a familiar phrase would suddenly take one by the throat all over again.

RONALD CRICHTON

The Homosexual

Copi is an Argentinian playwright who writes in French and lives in Paris. *L'Homosexuel ou la Difficulté de s'Exprimer*, presented in the Round House Downstairs in a translation by Steven Darnell, is one of several camp platitudinous pieces dating from the early 1970s. Copi is the Andy Warhol of the French Surrealist theatre. He certainly speaks with an individual voice, scatalogical and strangely dated.

This is a coterie play, featuring a transvestite mother and daughter couple, who are visited in a chic Siberian apartment by Madame Garbo, the girl's piano tutor, who wishes to elope to China with her pupil. Garbo, silkily played by the beautiful Tusse Silberg in a cut-away black cocktail dress, has herself been a victim of parental disapproval: her father has supplied her with a male member. Mother and daughter quarrel like lovers, which, indeed, they have been. The girl (Andrew Norton) is pregnant, but goes offstage to excrete the baby. She ends up with a broken leg and no tongue.

Mother, played with venomous attack by Rodney Archer, behaves like a jilted partner throughout the whole silly little exercise. Mr. Darnell directed a Copi double-bill five years ago with the remnants of the Glasgow Citizens Studio Company. Then, the production seemed a bright addition to the London fringe list. I am not convinced that this show is as timely a contribution. Although it is impeccably dressed and stylishly done—and we are spared the sight of Mother removing the girl's knickers to smack her bottom — it all amounts to a trivial transvestite mish-mash of the sort most of us, of whatever sexual persuasion, have long-since grown out of.

THEATRE

MICHAEL COVENEY

THEATRES THIS WEEK . . . AND NEXT

HALF MOON, Alie Street, E1—*Heart of Darkness*. Faithful adaptation of Conrad's story encompassed by four players with more anti-colonial tilt than Conrad gives it. Reviewed Tuesday, Wednesday.

THEATRE UPSTAIRS — *Full Frontal*. A Nigerian right-winger applying for membership of the National Front is a good joke, and Winston Ntshona is a good actor, but too little is made of both. Reviewed Wednesday, Thursday.

ARTS, Cambridge — *Shadow Box*. Disappointingly old-fashioned Pulitzer Prize winning play in its English premiere. Reviewed Wednesday.

ALMOST FREE, Rupert Street, W1—*Black Mass*. A chance to catch up with Edward Bond's play commemorating the Sharpeville massacre, part of an otherwise undistinguished triple bill. Reviewed Thursday, final editions.

BUSH, Shepherd's Bush—*Independence*. A tale about two workers in a West Indian hotel that feels like a moral talk in a new emergent-type school book. Reviewed Friday, final editions.

ROUND HOUSE DOWNSTAIRS—*The Homosexual*. Garbled nonsense about transvestite loyalty by Copi, but slickly played.

On Tuesday, three early plays by Eugene O'Neill at the Cottesloe under the title *The Long Voyage Home*. Also on Tuesday, the Young Vic productions of *Richard III*, *Hamlet* and *The Tempest* begin a short season at the Old Vic across the road. At the Birmingham Rep Studio, a new play by Caryl Churchill, *Action Replay*. On Wednesday a new comedy by Leslie Randall, *Forty Love*, opens at the Comedy with Joyce Blair and Bernard Cribbins.

Plays on the move

"Empress Eugénie," the one woman show by Margaret Rawlings, based on the reminiscences of the wife of the Emperor Napoleon III, which was warmly reviewed on this page by B. A. Young, is to be transferred to the Vaudeville Theatre. It played for a week at the Mayfair to good notices and now has another week's exposure at the Vaudeville from March 5, following on there a one man show, that of Max Wall.

Another transfer is the move this week, to the Mayfair, of "Flashpoint" by Tom Kempinski. This play, about soldiers in Northern Ireland detailed to form an execution squad for a fellow, first opened at the New End in Hampstead.

TV/Radio

BBC 1

† Indicates programme in black and white

9.20 am Feeling Great! 9.30 Multi-Coloured Swap Shop. 12.13 pm Weather.
12.15 Grandstand: Football Focus 12.55 Indoor Athletics; 1.05 Ice hockey; 1.15 Racing from Hong Kong; 1.25 Ice hockey; 1.30 Badminton; 2.15 Tennis; 2.25 Badminton; Rugby Union—Ireland v England; 4.43 Final Score.
5.13 The Pink Panther Show.
5.33 News.
5.45 Sport/Regional News.
5.50 Jim'll Fix It.
6.20 Dr Who.
6.50 Saturday Night At The Movies: "Seven Seas To Calais," starring Rod Taylor.
8.30 The Dick Emery Show.
9.00 Starsky And Hutch.
9.50 News.
10.00 Match Of The Day.
11.10 Parkinson.

All Regions as BBC-1 except at the following times:—

Scotland—Between 1.55 and 2.55 pm (Grandstand) European Indoor Hockey Championships: Scotland v Spain. 2.55 Re-Join BB-1 (Rugby) 4.55-5.15 Scoreboard. 5.45-5.50 Scoreboard. 10.00-11.00 Sportscene. 12.10 News and Weather for Scotland.

Wales—8.55 am Feeling Great! 9.05-9.30 Telifant. 5.45-5.50 pm Sport/News for Wales. 12.10 am News and Weather for Wales.

Northern Ireland—5.05-5.15 pm Scoreboard. 5.45-5.50 Northern Ireland News. 12.10 am News and Weather for Northern Ireland.

BBC 2

7.40 am-1.55 pm Open University.
2.15 Saturday Cinema: "The Birds And The Bees," starring Jeanette MacDonald.
4.05 Play Away.
4.35 One Man And His Dog.
5.10 Network.
5.40 Men Of Ideas.
6.20 Seven To One.
6.50 Rock Goes To College.
7.30 News and Sport.
7.50 On The Record.
8.30 An Evening At The Russian Ballet from the Maly Theatre, Leningrad.
10.30 News On 2.
10.35 The American Short Story.
†11.30 Midnight Movie: "All Through The Night," starring Humphrey Bogart.

LONDON

8.35 am Sesame Street. 9.35 The Monkees. 10.00 The Saturday Morning Show. 11.30 Tarzan.
12.30 pm World Of Sport: 12.35 Headlines; 1.15 News; 1.25 The U.S. Ice Figure Skating championships; 1.45 Horse racing from Hong Kong; 2.00 ITV Four Greyhound racing from Harringay; 3.00 Pre Olympics ski jumping, Cliff diving and World cup surfing; 3.45 Half Time Soccer Round-up; 4.00 Wrestling; 4.50 Results Service.
5.05 News from ITN.
5.15 Dick Barton — Special Agent.
5.30 Happy Days.
6.00 Chips.
7.00 Dick Turpin.
7.30 Celebrity Squares.
8.00 Saturday Action — "Marlow," starring James Garner and Gayle Hunnicutt.
9.45 News.
10.00 By Alan Bennett — Six Plays.
11.35 How To Stay Alive.
12.05 am Stars On Ice.
12.35 Close: Geoffrey Hinshliff reads from the Book of Job, illustrated by William Blake.

All IBA Regions as London except at the following times:

ANGLIA

8.10 am Cartoon Time. 8.30 Positive Soccer With Jack Charlton. 10.05 The Lost Islands. 10.30 Tiswas. 5.30 pm Mork and Mindy. 6.00 The Life And Times Of Grizzly Adams. 8.00 Feature Film: "Please Sir," starring John Alderton. 11.35 Pro-Celebrity Snooker. 12.20 am At The End Of The Day.

ATV

9.10 am How To Stay Alive. 8.35 Positive Soccer With Jack Charlton. 10.05 The Lost Islands. 10.30 Tiswas. 5.30 pm Mork and Mindy. 6.00 The Life And Times Of Grizzly Adams. 8.00 Saturday Cinema: "Cockleshell Heroes," starring Jose Ferrer and Trevor Howard. 11.35 Roberta Flack In Concert.

BORDER

9.00 am Sesame Street. 6.30 pm Mork and Mindy. 8.00 Lucan. 9.00 Film: "Search for the Gods." 11.35 George Hamilton IV.

CHANNEL

12.18 pm Puffin's Pla(i)ce. 5.30 The Life and Times of Grizzly Adams. 6.30 Happy Days. 8.00 Saturday Action: "Cockleshell Heroes." 11.35 George Hamilton IV.

GRAMPIAN

9.00 am Sesame Street. 5.30 Sets of the Century followed by area weather forecast, Highland League and Shinty Results. 6.00 The Life and Times of Grizzly Adams. 11.35 Reflections. 11.40 New Celeste in Concert.

GRANADA

8.35 am Positive Soccer with Jack Charlton. 10.05 The Flintstones. 10.30 The Big Adventure Film: "Search for the Gods." 11.35 Celebrity Concert: Nana Mouskouri. 12.30 am Sidestreet.

HTV

9.05 am A Child Wants a Home. 9.30 Beachcombers. 9.55 Cartoontime. 10.05 The Flintstones. 10.30 Tiswas. 5.00 pm The Incredible Hulk. 8.00 Saturday Cinema: "The Deadly Trap." 11.35 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 5.30-6.00 pm Sion A Sian. 11.35-12.30 am Inside Europe.

SCOTTISH

SCOTTISH TV — SATURDAY — 8.35 am Positive Soccer with Jack Charlton. 11.30 The Flintstones. 12.00 Wait Till Your Father Gets Home. 3.00 pm The Life and Times of Grizzly Adams. 8.00 Feature Film: "Skullduggery," starring Burt Reynolds. 11.40 Late Call. 11.45 Police Surgeon.

SOUTHERN

9.00 am Sesame Street. 11.30 Chopper Squad. 12.27 p.m. Regional Weather Forecast. 5.15 Batman. 5.30 Give Us A Clue. 6.00 The Bionic Woman. 8.00 Boat Sailers Evening in Byzantium (Part 2). 11.35 Southern News. 11.40 Michel Legrand and Friends.

TYNE TEES

9.00 Saturday Shake-Up. 9.05 Tarzan. 10.00 Call It Macaroni. 10.25 Saturday Shake-Up. 10.35 Saturday Morning Film: "The Body Stealers," starring George Sanders. 12.15 pm Saturday Shake-Up. 8.00 The Saturday Night Film: "Murder on Flight 502," starring Robert Stack. 11.35 Celebrity Concert. 12.30 am Epilogue.

ULSTER

10.10 am The Bubbles. 10.15 Spiderman. 10.35 Tarzan. 11.30 Sesame Street. 3.00 pm Sports Results. 6.00 Lucan. 8.00 Saturday Movie: "Ski Lift To Death." 11.35 Build Your Own Boat.

WESTWARD

9.00 am Let the Music Take You. 9.25 Saturday Morning Picture Show: "The Daring Dobermans." 10.55 Positive Soccer with Jack Charlton. 11.25 Look and See. 12.25 pm Gus Honeybun's Birthdays. 5.30 The Life and Times of Grizzly Adams. 6.30 Happy Days. 8.00 Saturday Action: "Cockleshell Heroes," starring Jose Ferrer. 11.35 George Hamilton IV. 12.00 Faith for Life. 12.05 am West Country Weather, Shipping Forecast.

YORKSHIRE

9.00 am Spiderman. 9.20 "Trapped Beneath the Sea," starring Lee J. Cobb. 10.45 The Didn't Quite Make It In Time for Christmas Video Show. 11.30 The Bionic Woman. 8.00 pm "Ski Lift to Death." 11.35 George Hamilton IV. 12.05 am The Practice.

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.03 Playground. 8.00 Ed Stewart. 10.00 Peter Powell. 1.00 pm Adrian Juste (S). 2.00 Paul Gambaccini (S). 4.31 The Moody Blues Story (S). 5.30 It's Rock 'N' Roll (S). 6.31 In Concert (S). 7.30 Mike Read. 10.00 Discovatin'. 12.00-2.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 8.02 Tom Edwards (S). 8.06 David Jacobs with star sounds (S). 10.02 Kevin Morrison (S). 12.02 pm Marti Caine chooses records (S). 1.02 My Sainted Aunt. 1.30-3.00 Sport On 2. Rugby Special (1.30, 2.00, 2.30, 3.55, 4.50, 5.25) France v Wales. Ireland v England; FA Cup Special (1.30, 2.30, 3.45); Racing from Chepstow (1.30, 1.45, 2.15, results and classified check 5.45); 5.00 Sports Report: Classified Football checks 5.00, 5.45; Rugby Round-up 5.25. 6.03 Europe 79. 7.02 Don Davis's Just For Fun. 7.30 Radio 2 Top Tunes (S). 8.30 The Midnite Follies Orchestra in Band Parade (S). 8.30 Saturday Night With The BBC Radio Orchestra (S). 11.02 Sports Desk. 11.10 Ray Moore with The Late Show (S), Including 12.00 News. 2.02-5.00 am You And The Night And The Music with Colin Berry (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S), including Building a Library (S). 10.15 Stereo Release (S). 11.05 Rasponi and Szymanowski song recital (S). 11.45 Robin Ray presents popular classics on records (S). 1.00 pm News. 1.05 Music For Violin And Piano (S). 2.05 Women Of Action: Hella Pick chooses records (S). 3.20 Rene Magnusson and Crusell Concert, part 1 (S). 4.05 An Assessment of Crusell (discussion). 4.15 Concert, part 2 (S). 4.45 Sea Shanties (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Ravel piano recital (S). 7.10 Opera Talk (S). 7.30 "Eugene Onegin" opera in three acts by Tchaikovsky, Act 1 (S). 8.30 Sound And Vision by Asa Briggs (an assessment). 9.10 "Eugene Onegin," Act 2 (S). 9.55 A Night at the Albanian Opera (talk). 10.10 "Eugene Onegin," Act 3 (S). 11.15 Sounds Interesting (S). 11.55-12.00 News.

VHF Only—6.20-8.00 am Open University.

RADIO 4

6.25 am Shipping forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.52 Weather; programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport On 4. 8.45 Yesterday in Parliament. 9.00 News. 9.05 International Assignment. 9.30 The Week In Westminster. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick Of The Week (S). 11.20 Time For Verse. 11.30 Wildlife. 11.55 Spiegl On Saturday. 12.00 News. 12.02 pm Away From It All. 12.27 You've Got To Be Joking says Cardrew Robinson (S). 12.55 Weather; programme news. 1.00 News. 1.15 Any Questions? 1.55 Shipping forecast. 2.00 Bookshelf. 2.30 Saturday-Afternoon Theatre. 3.30 Does He Take Sugar? 4.00 The Noble Savage. 4.45 Enquire Within. 5.00 Prelude To Shakespeare. 5.25 Week Ending (S). 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs (Sir Arthur Bryant, historian). 6.50 Stop The Week With George Melly. 7.30 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 A Great Pleasure: Sir Charles Groves chooses poetry and prose (S). 11.00 Lighten Our Darkness. 11.15 The Life And Times Of The Piano (S). 11.45 Just Before Midnight (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News; weather, traffic, shopping, sports news. 8.15 The London Gardener. 8.30 Saturday Scene. 10.00 Sportscene. 1.15 The Robbie Vincent Show. 2.00 pm Bob Powell with London Country. 4.30 Majesty Billow. Wat Close Up. 5.00 Rail. From 5.30: As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 AM: news, reviews, features, sports. 10.00 Jellybone. 1.00 pm Saturday Sport. 6.00 After Six. 6.30 Hugh and You. 7.00 Get Ahead. 8.00 Nightline. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Kerry Juby's Breakfast Show (S). 9.00 Cable Countdown with Peter Young (S). 12.00 Kenny Everett (S). 2.00 pm Afternoon Delight. 6.00 Soul Spectrum (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 12.00 Mike Allen's Midnight Special (S). 4.00 am The Collection (Classical Music) (S).

WEEKEND CHOICE

SATURDAY First of several new series this weekend is BBC2's *Seven To One* in which seven people in their early twenties (an age group which tends to watch very little television) "exchange views with a different personality of their choice" each week, today Michael Parkinson. BBC1 starts another series of *The Dick Emery Show* and fortunately BBC2 offers the alternative of three one-act ballets by Petipa in *An Evening At The Russian Ballet*. ITV present the fifth of Alan Bennett's unusual collection of plays, *One Fine Day*, in which Dave Allen makes his debut as a straight actor.

SUNDAY Arthur Negus is back with a new series called *Antiques Roadshow* on BBC1 at 4.45. BBC2's *Measure For Measure* at 8.05 is tempting since Kate Nelligan plays Isabella. We admirers of the daftest young comedian around will enjoy *The Unrecorded Jasper Carrott* on ITV at 9.15 and at 10.35 BBC2 repeats one of the best British films of the Sixties, *Darling*, directed by Schlesinger, written by Frederic Raphael, and starring Julie Christie.—C.D.

CHESS SOLUTIONS

Solution to Position No. 255 — Yes—1 RxP ch! KxR (K-B1; 2 Q-R8 ch, or K-B3; 2 Q-R4 ch both win quickly): 2 Q-R4 ch, K-N2; 3 QxN ch, K-R3 (K-R1; 4 Q-B8 ch, K-R2; 5 B-N8 ch!); 4 Q-B8 ch, K-N4; 5 Q-Q8 ch, K-R3; 6 Q-R8 ch, K-N4; 7 Q-R4 mate.

Solution to Problem No. 255

1 Q-KN1. If 1...KxR; 2 Q-Q4 ch, and if then K-K2; 3 Q-Q8, or if K-B3; 3 B-R4. If 1...K-B4; 2 Q-N3, P-B3 (P-K6; 3 B-B2); 3 B-K6. If 1...K-B5; 2 R-B6 ch, K-K4; 3 Q-QR1. If 1...P-B4; 2 R-KN6, K-B5 (P-B5; 3 Q-B5); 3 Q-N3. If 1...P-B3 or P-K6; 2 Q-N3 ch.

COLLECTING

Pleasures of porcelain

BY JUNE FIELD

There's a joy without canker or cark,
There's a pleasure eternally new,
'Tis to gloat on the glaze and the mark
Of china that's ancient and blue.

THUS WROTE Andrew Lang (1844-1912), English scholar, poet and man of letters.

The pleasures of collecting porcelain, that unique beautiful material matured and made translucent by great heat, continue undiminished. The word is credited as deriving from the Portuguese *porcella*, cowrie shell; the white shiny surface of the shell is similar to the Chinese porcelains first imported into Europe by the Portuguese.

Analysing the methods of manufacture and the styles of decoration without getting tied up in technicalities is not easy. Why do we admire one pot and reject another? How can you tell what it's made of—hard paste (the Chinese and Japanese porcelain were of the type which we now call true or hard-paste porcelain as well as Meissen and most European porcelains), or soft paste, with its warm and friendly feel, especially that of Bow, Chelsea and Derby? Not exactly soft, but a relatively soft glaze compared with the hard, glittery glaze of hard-paste which is rather brittle and tends to chip at the edges.

The old test of taking a metal file to an object to see if it will make a nick is an affront to one's porcelain, insists Geoffrey Godden, ceramics expert *extraordinaire*: "It should be possible to differentiate by eye and touch between the two — not necessarily with expensive pieces. Damaged objects or factory 'wasters' are all that are needed." (Wasters or "shards" were the faulty discarded pieces deliberately broken to make sure that the workmen did not sell them off.)

The object of knowing if you are handling true hard-paste or the soft-paste variety is to narrow down the possible source of origin of the example, and also to tell in some cases if a piece is a fake or reproduction. If the porcelain you are holding is hard-paste then it can be Oriental, Continental, or if English from the Plymouth, Bristol or New Hall factories. Some factories made both.

Mid-way between hard-paste and soft-paste there is a sort of hybrid bard-paste, made by many factories from 1790 to 1810. But they have been little researched, and even Mr. Godden admits to needing to rethink the whole puzzling question of this class of English porcelain which offers such a great challenge to the collector.

He first became interested in these porcelains when working on his book *Coalport and Coalbrookdale Porcelains* a few years back, excavating on the Caughley factory site. He first started collecting as a schoolboy, his father Leslie Godden, a respected Sussex antique dealer, letting him have the damaged pieces that were being thrown out because they were unwanted. A triangle-marked Chelsea crayfish salt was acquired in this way, and other interesting pieces which at very little cost familiarised the budding expert with different pastes and potting characteristics.

Now Mr. Godden runs the antique dealing firm established by his grandfather in 1900, and is an internationally recognised authority on English ceramics, with some 16 books to his credit, organising seminars which have attracted collectors and students from all over Britain, Europe and the U.S. (On the weekend April 7-8 there is "English Porcelain—Mainly For Beginners"; for free leaflet and information on tape-recorded talks and reference books, write to Geoffrey Godden, 19 Crescent Road, Worthing, West Sussex, telephone 0903 35958.)

Geoffrey Godden's latest scholarly *tour de force*, *Godden's Guide to English Porcelain* (Granada Publishing, £12), is an indispensable *aide-memoire* for the experienced as well as the beginner collector. It is not just a pretty picture book either. By a Coalport plate to the popular Japan pattern you can see some of the original broken bits stuck together to show the underglaze-blue portions, and a reject hard-paste Bristol bowl of the 1770's shows the characteristic defects of "wreathing" (a series of little ridges), running like a spring or the thread of a screw, marks formed by the pull of the fingers or turning tool as the piece is thrown or trimmed; then there are the small tears where the body was dug into during the turning or trimming process, and the firing crack caused by the body contracting unevenly during the firing process.

If you want to see these and other specimens, there is an excellent exhibition of some 60 items illustrated in the book at the Godden Galleries, until the end of the month, Mondays to Fridays only. This is a unique opportunity for the collector to actually handle specimens depicted in a standard reference book, a most important exercise for the true understanding of English porcelain.

For instance if you pick up a red-anchor marked Chelsea dish of the 1755 period you will see the characteristic little pimple marks, not defects, but marks left by the "stilts" or "spurs" on which the pieces were rested during firing: hold a Chelsea saucer to the light, and small "moons" or stars can be seen, caused by small air pockets within the piece. When defects appear on the surface, like exploding "stars" or spots in the glaze, the painters very often camouflaged these by over-painting them with insects or floral sprays. Turn up a mid-18th century Derby vase or figure and it will nearly always show slightly darker patches or "pad-marks" caused by the clay pads on which it was set during firing.

There are pieces to buy too, from odd cups to fine specimens. If you have any problem pieces, you can take them along for identification, but not valuation.

Geoffrey Godden with son Jonathon at the exhibition to complement his new book *Godden's Guide to English Porcelain* (Granada Publishing, £12), at the Godden Galleries, 19 Crescent Road, Worthing, West Sussex, until the end of February. (Photographer Derek Gardiner.)

CHESS

LEONARD BARDEN

THE ANNUAL Hoogovens grandmaster invitation at Wijk aan Zee in Holland, now in its 41st year, maintains a remarkably high standard despite the world steel recession which has forced the sponsoring company to reduce its grant.

Good hospitality and playing conditions ensure that leading world players are eager to participate. This year's tournament was category 12 on the international scale, equal to an average British grade of 244 for the competitors, and is sure to rank among the strongest events of 1979.

Results were Polugaevsky (USSR) 7½ out of 11, Andersson (Sweden), Miles (England) and Sosonko (Holland) 6½, Hort (Czechoslovakia), Hubner (West Germany) and Timman (Holland) 6, Dzindzihashvili (Israel) and Ree (Holland) 5, Garcia (Cuba) 4, Gaprindashvili (USSR) and Nikolac (Holland) 3½.

The top of the new World Chess Federation ranking list reads Karpov (USSR) 2,705 (British equivalent 263), Korchnoi (Switzerland) 2,695, Spassky (USSR) and Portisch (Hungary) 2,640, Polugaevsky (USSR) and Timman (Holland) 2,625. Tony Miles is the leading British player, ranked equal 24th with a rating of 2,560.

Polugaevsky thus justified his position in the elite and finished ahead of three of the main Western contenders for the world championship—Timman, the Hastings winner Andersson, and Miles. Miles's total included two wins and nine draws but his approach could hardly be criticised as peaceful: the game Ree v. Miles opened with the strange gambit 1 P-QB4, P-QN3; 2 P-Q4, P-K3; 3 P-K4, B-N2; 4 P-B3, P-KB4; 5 PxP, N-KR3!? 6 PxP (6 BxN, Q-R5 ch), N-B4!? 7 N-K2, B-Q3; 8 P-KR4, 0-0 with a draw many moves later.

Economic conditions obliged the Hoogovens organisers to cancel their master event which used to qualify its winner for the following year's grandmaster invitation. The promotion principle was maintained by including the winner of the Hena Paper international for second-line masters, while the winners of the two Masters Reserve groups at Hoogovens qualify for the 1980 Hens Paper event.

The Reserves proved a resounding British success as Andrew Law, the leading Post Office player, won one section with 7½ out of 9 while Nigel Povah took the other first prize with 7 points.

Nona Gaprindashvili, the ex-world champion, was the only woman among the Hoogovens grandmasters. It is rare for a game between the two bottom players to be the best of a tournament, but Nona's superb win in Round 1 will surely gain instant recognition as the most brilliant ever played by a woman.

White: N. Gaprindashvili (USSR). Black: J. Nikolac (Yugoslavia). Opening: Caro-Kann Defence (Wijk aan Zee 1979).

1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 N-QB3, PxP; 4 NxP, B-B4; 5 N-N3, B-N3; 6 P-KR4, P-KR3; 7 P-R5, B-R2; 8 N-B3, N-Q2; 9 B-Q3, BxB; 10 QxB, P-K3 (safer is Q-B2 to stop White's next move); 11 B-B4, Q-R4 ch; 12 P-B3, KN-B3; 13 P-QR4, P-B4; 14 O-O, R-B1; 15 KR-K1, P-B5 (better to keep the centre fluid by B-K2); 16 Q-B2, B-K2; 17 N-K5, O-O.

White clearly has attacking chances, but it is hard to credit that the game will be over in another seven moves.

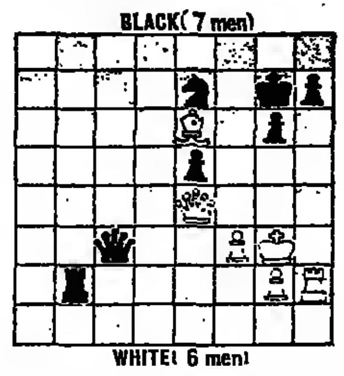
18 N-B5! KR-K1 (PxN; 19 NxN, NxN; 20 RxB is better for White, but the lesser evil); 19 NxNP! KxN; 20 BxP ch!

The double sacrifice destroys the black king's defences. Black's best practical chance now is 20. . . K-N1; 21 R-K3 (21 NxKBP? QxKRP). NxN; 22 RxN, N-Q4; 23 RxP! B-B1; 24 RxR, RxR; 25 BxB, KxB; 26 Q-B5 *with three pawns for the piece and a continuing attack.*

20. . . KxB? 21 NxP ch, KxP (K-N2; 22 Q-N6 ch, K-B1; 23 N-R6 and Q-B7 mate); 22 P-N4 ch! K-R5 (if NxP; 23 Q-R7 ch and wins, or if KxP; 23 Q-N6 ch, K-R5; 24 K-N2, Q-Q4 ch; 25 P-B3 and R-R1 mate); 23 P-B3, NxP; 24 R-K4, Resigns. For if K-R4(R6); 25 RxN with a queen mate to follow.

POSITION NO. 255

BLACK (7 men)

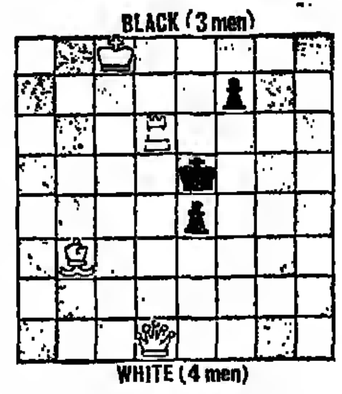


WHITE (6 men)

Polugaevsky v. Gulko, USSR Championship 1978. Play continued 1 Q-KR4, Q-K8 ch; 2 K-R3, QxQ ch; 3 KxQ, K-B3; 4 B-Q7 when Black's extra pawn proved insufficient for a win. Did either player miss anything during this move sequence?

PROBLEM NO. 255

BLACK (3 men)



WHITE (4 men)

White mates in three moves, against any defence (by Dr. S. Pirrone). This is hard to solve, despite the scanty material. As usual, the black pawns are moving down the board.

Solutions Page 14

BRIDGE

E. P. C. COTTER

THE SINGLETON plays an important part in the bidding and play of certain bridge hands, but it must be understood. Blindly led by a defender, who has not taken account of all the circumstances, it will make things easy for the declarer: wrongly employed by a declarer who does not realise its true function, it will play into the hands of the defenders.

Here is a hand which illustrates what I have said:

N
♠ 4
♥ 7 6
♦ A K Q 10 4
♣ Q J 10 6 5

W
♠ K Q J 10 7 6
♥ Q 4 2
♦ J 8
♣ K 2

E
♠ 8 2
♥ 8 5 3
♦ 6 5 2
♣ A 9 7 4 3

S
♠ A 8 5 3
♥ A K J 10 9
♦ 9 7 3
♣ 8

With North-South vulnerable South bid one heart, West overcalled with one spade, and North said two diamonds. When South rebid two hearts, North showed real intelligence by raising to three hearts, and South went four.

West naturally led his spade King, and the entire outcome of the hand depended upon South's concept of dummy's singleton. If he sees it as tributary to the Ace and wins the first trick in hand, he will not make his contract. If, on the other hand, he sees the singleton as adjutant to the Ace, he will allow the King to win the first trick, and will make 10 tricks.

If West's King is permitted to hold, the singleton (now transformed into a void) can deal with a spade continuation, while the declarer's Ace still exercises its function as a stopper. In actual play West led a second spade, which was ruffed on the table, and the declarer played Ace, King, and another heart. West won with the Queen and switched to the club King, but that was the last trick for the defence.

If South holds A K Q X X of trumps, he should still duck the opening lead as a safety-play against four trumps in one hand.

The second example is, like the first, from rubber bridge. At a love score after a pass from East, South bid one heart, North replied with one spade, and South rebid two hearts, though two diamonds, enabling North to bid no trumps, would have been better. As it was, North made a forcing bid of three clubs, East doubled to demand a club lead, and South bid three no trumps, which East again doubled, and all passed.

N
♠ A 10 9 5 3
♥ K 4
♦ 8 6
♣ K Q 6 3

W
♠ Q J 6
♥ 9 8 7
♦ 9 7 3 2
♣ 8 4 2

E
♠ K 2
♥ 6 5 2
♦ A 5 4
♣ A J 10 7 5

S
♠ 8 7 4
♥ A Q J 10 3
♦ K Q J 10
♣ 9

West led the eight of clubs, and the declarer with no true appreciation of the power of his singleton, played dummy's Queen. East won, and the club continuation left the declarer without hope.

If the declarer plays low from dummy at trick one, his singleton nine forces East to win with the ten and now the suit cannot be continued without loss. East must switch to spades. If he leads the King, South must duck in dummy, and win the next spade with the Ace. East is known to have Ace, Knave of clubs, and must hold the diamond Ace to justify his second double. He cannot, therefore, have the spade Queen, as he passed as dealer, and West must be kept out of the lead, because a second club from him would be fatal.

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What passes for normal

THIS HAS been a week in which the Government and the markets have recovered their nerve. It is not that things have improved very noticeably; they have not. Nevertheless, the emotional storms of earlier weeks have subsided enough for everyone to make a reasonably calm survey of the damage; and the ship of State has proved to be still afloat, even though it is in a rather battered and waterlogged state. It is a state which unhappily passes for normal in the 1970s.

Statistical daylight

The most interesting discovery, confirmed by a whole series of January statistics, is that the recent wage troubles are only a small part of the story: the economy was in a distinctly fragile condition before the disputes began, but the troubles had been concealed. Monetary growth, for example, appears to have been excessive in January itself; but conditions in the money markets, which were already pushing the interest rate structure up towards the belated adjustment of MLR ten days ago, spoke of tight rather than excessive credit.

What happened in January was that slackness which had been concealed in earlier months suddenly broke through into statistical daylight. The trouble is technical: the Bank of England has been in the habit of recording sales of Certificates of Tax Deposit just like sales of any other Government stock, without allowing for the fact that they are likely to be used as a substitute for money in the tax-paying season. When they were subsequently surrendered in January, the drain on money balances was less than expected.

Another sad story

Many other figures represent a similarly uncomfortable awakening. There has been a sudden jump in retail prices, due mainly to the high cost of seasonal foods. This reflects not only the fact that prices are high by any standard in the present hard winter, but the fact that they were unusually low before. Inflation apart from food was creeping up before the fact was evident in the numbers. Wholesale prices of raw materials have also been rising forbiddingly. In dollar terms this trend (for which our own Government can hardly be blamed) has been established for some months; but until President Carter's November package stabilised the dollar, the fact was concealed in our own statistics. We cannot remain immune to the world-wide inflation caused by excessive dollar credit in the past, and now reinforced by the upheaval in Iran; but the bad news has been somewhat delayed.

The figures for output and retail sales tell yet another sad story. Industrial production seems to have levelled out in the summer; and consumer spending exhausted itself in a Christmas splurge. The economy was looking very flat by mid-January—before the impact of any important wage pressure apart from Ford. There could be no clearer confirmation of our repeated warnings that the Government's fiscal policy has been inconsistent with its monetary objectives ever since April. Excessive Government borrowing within a reasonably tight limit for domestic credit is the very reverse to a stimulus. It has held interest rates at a high level throughout the year, depressing growth and investment. The financial cost is also high. The "triumph" of funding achieved by the authorities in the gilts market this week will burden the Budget with an annual interest charge of about £140m for years to come. The longer such Government policies persist, the harder it becomes to stop the rot.

Dress it up

It is against this familiar but discouraging background that the damage recently caused by excessive wage settlements must be assessed. The numbers are probably less frightening than the figures for peak settlements suggest. The shopfloor realism which led to the rejection of strike proposals at Leyland and British Steel is quite widespread in industries where foreign competition is a pressing concern. It is still an open question, in fact, whether this year's "explosion" in wages will produce a higher rise in earnings than last year's "restraint." All the same, an average rise in earnings well into double figures can only raise prices and depress activity; and as the Governor of the Bank of England found it necessary to remind us, an attempt to escape these consequences by printing money would produce still more inflation and still more unemployment within quite a short time.

Before the Governor spoke, there had been some signs that Ministers were dangerously demoralised: but heavy gilts sales and the hope of a local authority settlement seem to have restored their nerve, and after an up-to-date spending review in Cabinet on Thursday, the Chancellor felt able to repeat in the Commons his pledge to hold the borrowing requirement next year to £8½bn. That will mean some deflation—perhaps £1½-2bn. The Chancellor will no doubt seek to dress it up as neutral by describing the indexation of tax allowances as an income tax "cut" The Budget prospect, as well as the state of economy, is pretty much what passes for normal these days.

'Islam holds itself to be the Quran, the final version of the word of God . . .'

Millions make the annual pilgrimage to Islam's holiest place: Mecca. The cloth-draped Ka'aba (temple), left, has at one corner the Black Stone placed there by Mohammed and kissed by all pilgrims (centre). Two white sheets traditionally cover the differences between rich and poor (right).

Islam's revival: the tests ahead

BY ANTHONY McDERMOTT

AN Islamic Republic is being established in Iran. In Pakistan — already an Islamic republic — strict codes of Moslem punishment have been introduced. These are two of the most recent and spectacular developments suggesting that Islam is enjoying a comeback. That there has been a resurgence in a formal sense cannot be denied. But it has been profoundly misunderstood and frequently misrepresented in the West. The key question is whether Islam can assume once more the innovative role it has played in the pre-industrial past and adapt to the explosive social revolution.

In considering Islam, it is important to identify certain distinctive characteristics. First, while one sympton of its resurgence has been an effort by Islamic countries to institutionalise themselves in a fervour of pan-Islamic nationalism, the level of personal and private piety has probably changed little, except that there is now more open pride in being Moslem. Secondly, while Islam is the focus of this identity, symbolically bringing millions together at Mecca and Medina in Saudi Arabia for the annual pilgrimage, it embraces nations stretching from the Atlantic to the Philippines. So the Islamic world, because of differing cultures, races and sizes of population, is impressive more for its diversity than its uniformity.

Another symptom of the growth of Islam today—particularly in the Arab world and Iran—is that the impression has been stimulated of the Islamic world seeking to revert to its medieval glories, when the West learned from the East, and indeed the East held in trust for the West the chief gems of Greek philosophy and literature.

Certainly the spread of Islam from Arabia early in the seventh century was spectacular, fanning out from that peninsula within a century to Mesopotamia, Palestine, Egypt and Persia. Subsequently the Arabs reached North Africa, much of Spain and parts of France in the west, and eventually east central Asia and India in the east—taking Islam with them. Under the Ottomans, Islamic influence spread again, and at its height in the middle of the sixteenth century their empire covered most of north Africa, the Levant and Fertile Crescent, the coastal areas of Arabia while in Europe it stretched as far as what are now Yugoslavia and Hungary.

In the West, this military expansionism has earned Islam a reputation for aggression, and it is noticeable that at Moslem conferences great stress is laid on the fact that the resurgence of Islam is not a threat to the world. Indeed, with the boundaries of the Islamic world now established, the tendency is to look back to the cultural achievements of the Ummayad and Abbasid Caliphates, rather than their military victories.

Islam holds itself to be the Quran, the final version of the word of God, in succession to Christianity and Judaism. However the tenets and holy books of Judaism and Christianity, together with their prophets, are given due respect and acknowledgement in the Quran. The basic faith of Islam, which means submission (to God) is contained in the five *arkan* (pillars). These are obligatory on believers and reflect the mixture of egalitarianism, charity and enforced simplicity to be expected of a religion born in Arabia's harsh deserts. The first is the recital of the creed: "There is no god but God (Allah) and Mohammed is the prophet of God." The second is the performance five times a day of prayers. The third is the payment of *zakat*, an alms tax. The fourth is fasting during the month of Ramadan in the Moslem lunar calendar. The fifth and final is the *hajj* or pilgrimage to Mecca.

Islam has two broad streams—orthodox Sunnism, which is followed by most of the Arab world, and unorthodox Shi'ism, the religion of nine-tenths of Iran. Divisions amongst Moslems began virtually as soon as Islam became established in Arabia, and reflected conflicting allegiances to the Prophet's earliest companions and successors as leaders of the Islamic community (a position that became formally known as Caliph).

A striking feature of Islam is the political diversity of the regimes which consider themselves Islamic. Thus Islam is as important a force in Libya's socialist "*jamahariya*" (State of the masses) as it is for the monarchy of Saudi Arabia. In Syria, there were riots in Homs and Hama because the constitution adopted in 1973 did not single out Islam as the state religion (it recognises Islamic jurisprudence as "a principal source of legislation"). In another left-wing state, Algeria, the popular strength of Islam was reflected in a letter—in 1976, during a period of intense public debate on the content of the National Charter—from metalworkers in which they complained that "Islam up to now has been distorted by the bourgeoisie, who have interpreted the sacred text, deforming both its content and very essence on the pretext that religion supported their actions. The working masses have been duped. That is why we ask for the broadening of the teaching of the true, austere and militant Islam."

This diversity suggests that Ayatollah Ruhollah Khomeini's ambition to establish an Islamic Republic, always provided he manages to control the radical forces of the Left, should not be impossible to achieve. Islam appears to be reconcilable with political positions of the Left and Right, because its basic tenets are extremely simple and informal. There is, predictably, a mass of theological literature exploring and interpreting the finer points of Islam. But for the broad masses, even when, as say in Nasser's time, religion was officially played down in favour of militant nationalism, Islam's hold has remained complete.

What is impossible to gauge is the extent to which piety among the newer middle classes has been affected in one direction by increased materialism and in another by the growing political strength in the world of Islam.

Khomeini's rise to power is evidence of Islam's basic informality and the fact that there tends not to be an official separation between church and state. At first, it seems strange that a man who has been neither elected nor appointed should be able to direct a Government without any official position. But in Shi'ite Iran, the clergy acquire their public titles of mullah (preacher) and, at the top, Ayatollah as a result of general acclaim of their learning in interpreting Islam and their service to the community. (The same principles, but different titles apply elsewhere in the Islamic world). It is ironical that Khomeini is not the senior ayatollah in Iran, either by order of precedence or because of the quality of his religious judgments. But there can be no disputing his authority within the Islamic community in Iran today, as his position as leader stems from being the symbol of opposition to the Shah.

In addition, the extremely personal nature of Islam cocoons believers against the political complexions of the Governments under which they live. The *sharia*, derived from the Quran, and *hadith* (in essence accounts of the behaviour of the Prophet and his closest companions which provide legal precedents) cover almost every aspect of life from the cradle, through marriage and divorce, to inheritance after death. It provides, too, economic guidance through such taxes as *zakat*.

Because of the publicity given to such strict punishments as stoning for adultery, amputation for theft and flogging for drink offences, Islam has earned in the West the reputation of being harsh and unforgiving. It undoubtedly does have a stern side, which the West finds easy to condemn as barbaric. But the other side of the coin is that the Islamic informal extended family system provides social welfare, particularly for the old and the needy, in a way which is more efficient and humane than in some developed countries.

Islam is also held up as being degrading to women, and undoubtedly as education spreads pressure against their apparent second-class status will grow. But within conventional Islamic society, the woman plays a crucial and influential role within the family ranging from managing the domestic budget to shaping the characters of the children.

The next few months will show whether Khomeini, having broken down one system, will be able to create a new one through his Islamic Republic. So far he has been deliberately vague about its shape or how he will direct it, beyond saying that he does not want to be its head of state. But as has been noted, Islam has shown itself adaptable enough to be incorporated into a wide number of varied systems. One possible version in Iran, which would be acceptable in theory, would be a variation of the 1906 Qajar constitution which provided for a council of religious leaders to vet the government's legislation to see that it conformed to the *sharia*.

Such a move would go some way towards restoring the union more natural in Islam between church and state, and which is exemplified most clearly in Saudi Arabia, in spite of the domination of the royal family, and to Libya, in spite of the political trappings of the General People's Congress, the sole party. It was one of the Shah's fundamental errors to attempt to crush the power of the Church (as his father had done) and to keep contacts with the clergy either to a minimum or to mere window-dressing.

Khomeini faces two other major but inter-related challenges which are relevant also to other Islamic countries. The first is to undo the damage done to society by the Shah's decision to press for over-rapid development. The second is longer term and is to show that Islam can be a modernising force.

In August 1974, in the wake of the rise in oil prices, it was decided at a conference at Ramsar on the Caspian to double Iran's 1973-78 development plan to almost $70bn. The effect of the decision was that workers were drawn in from already neglected agricultural areas into grossly-overcrowded cities. There were jobs, but wages failed to keep pace with inflation. Hand in hand with growth and new projects went corruption and spending by the middle and upper classes on an unprecedented scale.

In his confusion at familiar social values being destroyed and because religion was the only outlet for dissent the Shah had failed to suppress, Iran turned to Islam with the fervour that brought literally millions out on to the streets of Tehran, often in near hysteria.

Iran, through Shi'ism, may well be better equipped in theory to become a modern, strictly Islamic Republic than a country practising Sunnism.

Shi'ism, historically, has been the religion of revolt and revolution—adopted as the official religion by the Safavids in the 16th century against the Sunni Ottomans. Subsequently Shi'ite Iranians showed this nature of their creed in their opposition to several Shahs. Besides, Islamic jurisprudence during the first three centuries of Islam had undergone a series of crises, at the end of which, during the ninth century, it was deemed that *bab al-ijtihad* (the door of interpretation) had in theory been closed. The Shi'ites did not accept this. As a result, Iran's Islamic Republic may possess sufficiently flexible legal tools to adapt to the requirements of a modern society, in spite of some of the well known Islamic rules and practices, such as those making women wear the veil, governing punishments and banning usury.

What happened in Iran is unlikely to occur elsewhere in the Islamic world in the same form, although rulers must be concerned at the possibility of development and industrialisation destroying the social fabric to the extent that control and power slip away from the Government to Islam. At the same time, Iran's Islamic Republic is a new political experiment which will be watched closely to see whether Islam, which has been a modernising force in the past, has genuinely recovered its vitality sufficiently to be so again.

Letters to the Editor

Punishment

From Sir Alan Neale

Sir,—The very clarity of Mr. Brittan's exposition in his piece on "The coming economic crunch" (February 8) raises questions which he and those of like mind in opposing incomes policies should answer.

Thus he complains that Ministers have not made it clear enough that the money simply would not be there to finance large wage increases and so have thrown away "most of the potentially favourable effects of monetary limits on inflationary expectations and union views of the going rate of wage increases." This implies that if Ministers had been clearer, union demands would have been less. Can we be told what is the evidence for this proposition? It would seem to many of us that at the time current claims were being formulated, there was nothing in the outlook for money supply or prices to warrant any increase in inflationary expectations.

Is it not more plausible to suppose that where the available supply of money, or anything else, is believed to be limited, those who see themselves as in a strong bargaining position will sharpen rather than restrain their bid to get the best possible share? It would be different if those who asked too much harmed themselves: employees in a small business will no doubt restrain demands which they can see will have the effect of ruining the firm and ending their jobs. But is it not the case that the application of monetary limits in the UK economy will more often mean in practice that the gains of one sector will work through to unemployment in quite another? One man's wage rise is a different man's lost job. Even in the public sector a system of cash limits could hardly be applied so strictly that as the numbers that could be employed within the limit fell, this would reduce the number of clerks available to pay out social security benefits to those becoming redundant.

Considerations of this kind are what lead those with responsibility for affairs to intervene in the process of wage determination even though they well understand the imperfections and anomalies that arise from incomes policies. Until it can be shown that financial policy exerts some restraining influence in advance on wage bargaining, the punishment theory, of which Mr. Brittan complains, seems only realistic.

(Sir) Alan Neale.
37 Stormont Road, N6.

Innovation

From Mr. D. Tompsett

Sir,—From 1965 to 1967 I was on secondment to the then Ministry of Technology, having just completed six years reporting on Continental engineering developments to my colleagues in a major British industrial company. It was with mounting feelings of déjà vu that I read your Science Editor's article on the report "Industrial Innovation" by the Advisory Council for Applied Research and Development (February 9).

The first sentence of my first report in the Ministry read: "Industrial technological activities cannot be considered in isolation from the commercial and economic processes of which they are part." A little further on I proposed some broad assumptions, to be tested in individual cases which might arise: "That purchasers' decisions are taken on correct appreciation of their probable economic consequences for the enterprise concerned; that manufacturers' decisions are similarly based and include valid appreciations of the present and future requirements of their customers." Similar expressions permeated all my later work in the Ministry and in inter-departmental committees.

I had expected that such directness might be found unusual by the administrative class of the civil service, but I was disappointed that it was no better comprehended by the other two groups with which I came into contact, namely, the scientist/engineer and statistician/economist classes. A senior scientific officer who had been promoted to an administrative function confided that he would much prefer to be back in his comfortable Government laboratory. A senior statistician took exception to my pointing out that balance-of-trade statistics were inevitably reflections of the degree to which the industry concerned had previously anticipated changing market requirements, at home and abroad.

What is new about ACARD is the high level at which its views are being injected into Whitehall. As your article concludes, the problem is to get the messages accepted. It took a long time even for professional economists and statisticians to acquire any sort of recognition in the Treasury, so one cannot be optimistic about ACARD's notion of placing a chief engineer there. An even more millennial prospect is that of an engineer (in the sense in which ingénieur is understood in all languages but English) becoming Permanent Secretary. It would be instructive to know how many top civil servants in France are graduates of not only L'Ecole National d'Administration but also L'Ecole Polytechnique.

D. H. Tompsett
Great Chereney House,
Marden, Tonbridge, Kent.

Ratepayers

From the Chairman,
The Machinery Users' Association

Sir,—The Machinery Users' Association is concerned about the intention of the Government to restrict the right of appeal of the ratepayer as expressed in Clauses 7, 8 and 9 of the recently published Local Government Finance Bill presented in the House of Commons by Mr. Peter Shore, the Environment Secretary, on February 6.

The Government intends to limit the right of the ratepayer to make an appeal beyond the first year following revaluation to cases where there has been a material change of circumstances affecting value or change of occupation. The association is of the opinion that existing provisions should remain unaltered and considers that a ratepayer should retain his right to challenge any assessment at any time.

The Government also proposes to restrict appeals to the Lands Tribunal except on points of law or with leave of the local valuation court or the Lands Tribunal. In view of the complexity of many industrial and commercial hereditaments, the association considers that the business ratepayer should be able to submit his case to the Lands Tribunal without having to obtain this prior leave.

Robert P. Crout.
The Machinery Users' Association,
Rectory House,
To Lourence Pountney Hill, EC4

Tunnel

From Mr. J. Sworder

Sir,—A rail-only Channel Tunnel does not require expensive new railway routes in Kent, which was the previous deterrent; only a little thought.

If the twin-track main line from the Tunnel via Ashford to Orpington (where two extra lines to London are available) is reserved for traffic to the Continent, many of the Kent stations retain other viable links to London: Folkestone—via Dover/Canterbury, Ashford and Paddock Wood—via Maidstone, Hastings/Tonbridge—via Oxted or Redhill and Sevenoaks—via Swanley.

Passengers relying on the present main line who became deprived of their accustomed stations (Sandling, Westenhanger, Pluckley—Marden (4), Hildenborough, Dunton Green—Chelsfield (3)) should have additional costs to their revised commuting point reflected in suitably reduced fares for an agreed period. Early planning and consultation, not by British Rail alone (the previous disaster) but with the county council is essential.

J. C. C. Sworder.
Thorpe House,
Fordcombe, Kent.

Pensions

From Mr. H. Shearsmith

Sir—Mr. Squire (Feb. 10) is not correct in saying that MPs, civil servants and local Government officials are the only people to have inflation proof pensions. These are also made to retired members of the Navy, Army, RAF, police, firemen, nurses and to many more and quite rightly so. Civil servants are, in fact, a minority of the total number involved.

Moreover in fixing civil service pay, regard is had to pension benefits, thus over a period of approximately 40 years less pay is received than would otherwise be the case.

Additionally it is not generally known that, so far as civil servants are concerned, all those who joined the civil service after March 1948 (and that is most of them) have a reduction made in their civil service pension when they become eligible for the old age pension.

H. Shearsmith.
"Haran," Meadway,
Eastcliffe, Looe, Cornwall.

Luminary

From the Chairman,
British Overseas Trade Board.

Sir — Your correspondent (European Parliamentary elections, February 14) calls me a "retired luminary." I can't say I've noticed it and I'd be glad to know what I've retired from.

(Sir) Fred Catherwood,
1, Victoria Street, S.W.1.

Trendy

From Mr. J. Bath.

Sir,—One of the irritations when reading, listening to, or watching reports on current affairs these days is that whenever a trendy new word or expression appears, it has to be used excessively and to the exclusion of all other words of similar meaning, even though these may in fact be much more effective in explaining what is meant.

Recently we have seen the almost obsessive use of words such as dialogue, dogma, media, swingeing, and Machievellian, together with phrases such as "at this particular point in time," "a living wage," "secondary picketing," and "motorway madness."

My irritation was none the less when a new word started to pop up, the word being used presumably to describe the new agreement being sought by the Government and the TUC. The frequent appearance of concordat in the Press prompted me to wonder why agreement had suddenly become redundant. My little Oxford dictionary defines concordat as an agreement between the state and the church. Aha!—perhaps the word is being used rather more imaginatively than at first I had thought.

John R. Bath
1, Ruxley Court,
Widmore Road,
Bromley, Kent.

Inflation

From the Liberal Prospective Parliamentary Candidate for East Surrey

Sir,—Your report of Mr. Wynne Godley's comments on the prospect of stricter fiscal and monetary policies February 12, appears under the totally misleading headline "Restrictive fiscal policy needed." In fact, according to your report, Mr. Godley stated that although such policies now appeared inevitable, he thought that they would do little to reduce inflation! As an unrepentant Keynsian, I too have tried hard to understand how putting up prices and interest rates helps to fight inflation, except to a limited extent through the effect on the exchange rate.

(Mrs.) Susan Liddell,
Dormons Corner,
Lingfield, Surrey.

Arts only just get their due

BY ANTONY THORNCROFT

THE ARTS are suddenly in favour. Within the last few weeks three good items of news have bolstered the arts in Britain where they are chronically at their weakest financing — and the extra money has come from unlikely sources.

The Conservative controlled Greater London Council pulled the biggest surprise by increasing its support for the arts in 1979-80 by 35 per cent to £3.17m, and extending its aid once again to such politically "suspect" organisations as the Royal Court Theatre. Then, earlier this week, the Government announced that it was setting up a National Heritage Fund with £15m in hand to preserve historic buildings and save works of art from being exported. Finally, on Wednesday, a House of Commons question extracted the information that the Arts Council would receive £61.3m to help its clients in 1979-80 — an increase of 25 per cent on the figure for the current financial year. In addition the British Film Institute and national museums and galleries were promised very substantial rises.

Angry

But a little probing suggests that, apart from the change of heart by the GLC, the arts are only getting their due. The National Heritage Fund is just the belated revival of the National Land Fund, proposed in 1946 and financed then with £50m to provide, through preserving national treasures in this country, "a thank offering for victory and a war memorial." Although it lay dormant, and was raided by later Chancellors of the Exchequer the fund still contained £18m last year. A House of Commons Expenditure Committee, which examined its tortuous history, was quite rightly very angry at the way the Treasury had spirited away money which could have saved Mentmore Towers and many more important parts of our heritage.

So the fund, which comes into being next year under the care of Independent Trustees, is a much smaller and very tardy ghost of what might have been. Also it is not much favoured in the art world because its appearance brings an end to the practice whereby the rich could offer their works of art to the Government in lieu of Capital Transfer Tax.

Electoral

On the surface the extra money for the Arts Council, and the other institutions, is more magnanimous, a piece of understandable but welcome electoral window dressing. In the view of Mr. Roy Shaw, the secretary general of the council, the grant enables it to continue helping its 1,200 clients at about the same level as in the last few years, after taking account of the inroads of inflation, plus just a little real improvement in support. But there remains the fear that the increased grant, which is only proposed and has not yet passed through Parliament, may be dented if there are any sudden cuts in public expenditure.

What lessens the impact of the conversion of the Government to underwriting the arts is the fact that in the £61.3m there are elements of capital expenditure. The actual increase in revenue available for the Arts Council's clients is 19 per cent, not 25 per cent. For a start the Government has given £1m to the Royal Opera House Development Appeal, raising the money collected in the past 18 months to £4.3m which should ensure that the £7.8m target for the building of much-needed rehearsal and dressing rooms will be comfortably reached. In the same way the National Theatre can expect more money from the Arts Council this year because the Government has agreed that it should be enabled to take over full responsibility for the running of the building from the previous leaseholders, the South Bank Board.

So the Arts Council's two biggest clients—Covent Garden received £5.2m in 1978-79 and the National Theatre £3.16m—are now to be helped even more by being given these new capital funds, an acknowledgement by the Government of their importance in national life and the real problems they have in administering very expensive buildings. But this indulgence of the London show cases is very much against Arts Council policy of recent years, which has witnessed a swing away from London and the major national companies towards the regions and community arts. In the last decade the balance has moved from a 50 : 50 split between London and the rest of the UK to a one-third in two-thirds ratio favouring of the outer regions. The regions are still being favoured. Another substantial chunk of capital expenditure included in the Government's £61.3m — perhaps a couple of million pound—will go to refurbishing the four large theatres in Manchester, Liverpool, Bristol and Birmingham which have been abandoned by their previous private owners and are being taken over by local authorities and special trusts.

No excuses

The aim is to renovate these large theatres so that national companies like the Royal Opera House and the National Theatre can have no excuses for not touring the regions. Already Manchester has been promised a visit from the Royal Opera in 1980, and the National Theatre opens its first extensive tour in Leeds next week with *For Services Rendered* by Somerset Maugham.

The leading regional companies are certain to be substantial beneficiaries of the higher spending on the arts. The Arts Council is committed to giving £1m to English National Opera North, based in Leeds, to see it through its first year. Another operation which faces financial problems is the Prospect Company, now operating from the Old Vic in London. But it has been assured of £400,000 from the Arts Council for its touring work.

Smaller towns

The Government has made special provisions for the large cities; the Arts Council itself is taking on the smaller towns. One of the great fears of the Council is that it may become a political football, regarded by the Left as the subsidiser of grand elitist galas for a rich minority, and by the Right as supporters of Marxist theatrical groups pushing propaganda rather than plays. To avoid such criticism the Arts Council has concentrated on bringing the arts to the people, both through raising its annual aid for community arts and arts centres from virtually nothing to £1.3m in recent years, and by underwriting tours to quite small communities by opera, dance and theatre companies. Perhaps the most striking is the financing of Ian McKellan's group of Royal Shakespeare Company actors enabling them to perform in church halls in towns like Redruth, and the organisation of an Opera Touring Scheme so that top companies like Glyndebourne, Welsh National Opera and Scottish Opera can afford to visit the same towns each year, thus building up a loyal local audience.

If drama and opera still seem like minority interests, the Arts Council can point to its recent investment of £45,000 in a touring production of *My Fair Lady* which is proving such a success that this money will at least be recouped. A similar musical tour is planned, perhaps with *Gigi*. All such ventures can be viewed more sympathetically now that the Arts Council, through its voice in Government, Lord Donaldson, Minister for the Arts, and its spokeswoman in the Cabinet, Mrs. Shirley Williams, has obtained its extra revenue.

But a higher grant brings its problems. Already Mr. Shaw is being approached by clients expecting a 25 per cent increase in their grants. Even the refined figure of a 19 per cent improvement is not quite so extensive as it looks because inflation in the arts, heavily dependent on labour and building costs, which have both risen rapidly recently, tends to run at 5 per cent more than the general rate of inflation. The extra money will go towards patching up the cracks in the arts which have appeared in the last few years of falling real support. These show themselves in repertory companies putting on commercially safer plays and reducing the length of their seasons, and orchestras restricting themselves to the established classical repertoire. Mr. Shaw will hope for more experimentation and innovation now that the Arts Council's clients may not have to economise quite so rigorously.

Another fear is that—now the Arts Council is better funded—local authorities might feel that they can reduce their help for the arts. So far the omens are good. Apart from the generous rise from the GLC, Merseyside has indicated that it, too, will give more, but local authorities generally still have a worse record on helping the arts than the Government. Few of them spend more than a penny rate on the arts. Taken together central and local government support for the arts in the UK is less than 50p per head of population as against nearly £4 in Sweden and £7 in West Germany.

There are probably few votes in the arts, which does not prevent the affairs of the Arts Council being closely monitored by politicians. As well as insisting that artistic quality rather than any political content must always be the sole criterion for its support, the Arts Council is covering itself further from attack by reforming its structure, and making itself more open. This week saw the first meeting when the public was invited in to discuss music with the men who hold the purse strings on the council. Later meetings are planned for other areas of the arts.

The occasion showed the Council in the more confident mood that its better finances have encouraged. Perhaps some of the many ideas currently being circulated may upset the more conservative elements of the arts world—for example, the proposal that the Arts Council might finance a contract orchestra devoted to more contemporary work and touring, and offering the best musicians a guaranteed livelihood. The proposition may be partly intended to put the existing orchestras on their toes, but it also suggests that now that the financial crisis facing the arts has eased, at least for the moment, the time is ripe for novelty and controversy.

Leonard Burt

One of this season's new productions at the National Theatre: Nicky Henson and Yvonne Bryceland in "The Woman"

Weekend Brief

Star attraction

You love it or you loathe it. The third option, if you're the media director of a London advertising agency, is to love it and loathe it in the very same breath. At the start of this week, the Daily Star, Britain's first truly new national daily in 75 years, reached out from its launch area in the Midlands and North and ventured in to the Greater London area, where it hopes to add 300,000 copies a day to the 600,000 it says it is selling already.

Media directors are the men who sit behind a mountain of print and television schedules, cost analyses and market printouts, and make the crucial decisions that determine which newspapers, magazines and TV stations are to benefit from which advertising campaign.

What do they think of the Star, launched by Express Newspapers last November in a bid to muscle in on the down-market duopoly of the Sun and Daily Mirror? (On Monday the Star splashed a "world exclusive" on Moors Murderer Myra Hindley and her reputed repentance.)

According to one top media director: "It's dreadful, but for God's sake don't quote me. In my view it's an appalling reflection on 110 years of universal education. On the other hand, as a media buyer, I must be seen to welcome any new title that offers the advertiser greater choice in placing his money, and the Star has got several things going for it. It's using colour, which is an interesting development down-market, and at least it's broken up the Sun/Mirror bandwagon to some extent."

In terms of circulation, Basil Spice, Press media manager at J. Walter Thompson, says it is tempting to think of the Star as a non-success. "But then they were over-targeting in the first place." At the time of the launch, Express Newspapers said the aim was a sale of 1.25m copies daily in the Midlands and North. "At 6p, the Star still has a cost advantage over its rivals, and the circulation targets in the new areas (London now, Anglia and the Southern ITV areas by June or July) are a lot more realistic. If — when — they make an aggregate sale of 1m, they'll have a viable proposition."

By the time the Star has pushed into Anglia and Southern, only Scotland and the South West will be left to conquer. Andrew Cameron, Express Newspaper's assistant managing director, admits that the Star still has to prove itself and that the going will be tough. But Express plans to back it with at least £1m worth of advertising and promotions this year, and is convinced that now that London agencies are seeing it daily, they'll find it hard to ignore.

"The Star has already dealt severe losses to the Sun and Mirror," claims Mr. Cameron. "It's here to stay, whatever the opposition says about it."

Opium war

Among the new Islamic laws ordered last weekend by Pakistan's military strongman, General Zia-ul-Haq was one highly-publicised provision making 80 lashes the deterrent punishment for drinking. Less well noticed was the detail of the order itself, which in referring to "intoxicants" included opium, marijuana and cocaine in its ambit as well as alcohol.

The consequences of the opium ruling have been dramatic. In the old garrison town of Rawalpindi the number of opium addicts presenting themselves at the hospital has suddenly doubled because they cannot get their daily requirements. All opium "vends"—special licensed outlets where opium is sold legally—were sealed by the martial law authorities on the day of Zia's declaration.

Previously these vends were permitted to sell a total of seven tons of opium in the whole country each year. This was obtained from Government stocks from licensed poppy fields, but it was never enough for Pakistan's enormous domestic demand, which is between 100 and 150 tons yearly. Supplementary supplies came from Landi Kotal, the smuggler's town on the Pakistan-Afghanistan border which is beyond the control of the authorities.

With the closing both of the vends and of special Government dispensaries that are being tried as an alternative in Lahore, supplies have suddenly dried up. This is driving the market completely underground, pushing the price skywards and lining the pockets of illegal dealers. Landi Kotal can expect a boost while some addicts may turn to amphetamines and barbiturates rather than receive analgesics and tranquillisers at the local hospital.

General Zia's decision appears to go directly counter to the advice of local and international experts helping to combat the opium problem in Pakistan. They believe that the best way of preventing Pakistan from becoming the world's new "golden triangle" is to expand the controlled sale and cultivation of opium in the country, not ban it. This, they say, would bring more of an ineradicable trade under a closer watch.

One expert in Pakistan, describing the Government's move as "silly," said it was the worst possible form of control. Attempts to stall the measure apparently failed altogether. Ironically, it came at the same time as Mr. Raouf Ali, head of the Pakistan Narcotics Control Board, was elected vice-chairman of the UN Commission on narcotic drugs, the international body which deals with drug control.

Most of the opium used in Pakistan is deployed in traditional medicine—the *unani* system practised by 65,000 *hakim*. For this opium is the base. The modern variant is codeine, which is an opium derivative. Opium is also either chewed or smoked by about 120,000 addicts in Pakistan. Estimates vary of how much of the opium produced in Pakistan finds its way on to the international market, but it is a clearly growing important source.

Odd fellows

This week, a little piece of history in financial journalism was made when the Manchester Unity Friendly Society, otherwise known as the Independent Order of Oddfellows, held its first ever press conference. It was the occasion of the introduction of a new range of life assurance and sickness benefits. But it was also the start of a campaign to introduce the Oddfellows to the general public.

A new product from a sophisticated linked-life company is now commonplace. But the name "friendly society" conjures up visions from the last century, when the community spirit of mutual help in times of distress flourished among artisans, tradesmen and manual workers.

One had to stand on one's own feet in Victorian Britain—the alternative was the workhouse. So people in towns up and down the country banded together to pool resources in order to help each other in times of trouble. The members paid their weekly contributions—a copper or two—into a common fund. Out of this the needy were paid weekly benefits of a few shillings for sickness and unemployment, with a few pounds on death. The working man and his family had a pathological fear of being buried in a pauper's grave. Whatever hardships were suffered during life, there had to be enough money for a decent burial.

Thus was the foundation of the friendly society movement. But this era was supposed to have ended with the introduction in 1948 of the comprehensive social security system. The *State would provide in times of* need. Well, although the movement has contracted, it is still very much alive and active. And still meeting the needs of ordinary people that somehow the State does not provide.

Some friendly societies, while still retaining their status, have become virtually home service insurance companies. But the Oddfellows and others have taken great pains to retain the friendly society spirit, because the development of the movement was not simply confined to providing mini insurance benefits. It developed a strong social side which is still very important to members.

The Manchester Unity, formed nearly 170 years ago, has always made a handsome profit on its operations. But in true democratic fashion, the members themselves decide on how that profit is spent. The fringe benefits offered include free convalescence in the Oddfellows own nursing home at Herne Bay, free legal aid to members mainly for personal injury and unfair dismissal cases, grants to orphans of former members and grants made to members in times of national distress. The Oddfellows helped members hit by the winter storms in 1976 and last year.

But if the members wish to spend some of the profit on a social function at the branch it is their right. It is an interesting thought as to what would happen if the Pru last year had offered its million of industrial policyholders, the right to decide what to do with the £69m of profit.

Hawks in eastern air space

Sir Freddy Laker's ambition, expressed earlier this week in California, to destroy the International Air Transport Association, the airline cartel which fixes the rules by which airlines do or do not compete, may be a long way from achievement, but ripples of his campaign so far have carried a long way. So far in fact that Australia's relationship with its Asiatic neighbours is being severely strained.

Laker's threat to invade Australasia provoked British Airways and Qantas into the introduction of low fares this month. So far, so good. But the new fares are subject to restrictions which mean travellers *cannot luxuriate in tropical* stopovers at places like Bankok, Singapore and Sri Lanka. Passengers must go direct to their final destination. The en route nations involved are not amused and what, from London, at first looked to be a local squabble is rapidly developing into a major diplomatic row. Rarely have the countries of ASEAN (the Asian Area Nations) been so cohesive in a campaign. When the Australians offered talks in Australia, the ASEAN countries told Canberra that it, as the offender, would have to visit them. There has been talk of trade reprisals on Australian goods and, while that one may be a bit wild, British Airways has seen some boycotting of its tickets in favour of Asian airlines.

Freddie Laker—gunning for IATA

There is quite a lot at stake. Singapore alone reckons to lose 130,000 Australian and British tourists a year as a result of the new rules, and with tourists spending nearly fifty pounds a day the blow could be severe. Already hotels in Singapore, a shoppers paradise, are reporting a downturn in occupancy levels. But the airlines reckon that if stopovers are to be permitted then many of the passengers now paying a higher fare for a multi-stop trip would divert to the lower rates — meaning the business community, of course.

Meanwhile the grans and youthful backpackers who form much of the low fare traffic are finding that their friendly airlines keep them couped up on the same aircraft for the full 24 hour-plus trip to the Antipodes. The restful, and not so restful, delights of the Mystic East are kept firmly locked away. But for how long? Later this month talks resume and the ASEAN governments have a trump card. Both BA and Qantas need places like Singapore, Bangkok and Colombo in which to refuel on the London-Sydney run.

Contributors:

Michael Thomson-Noel
Chris Sherwell
Eric Short and
Arthur Sandles

Economic Diary

SUNDAY—Train drivers on Southern Region's South-East and Central divisions expected to discuss strike call.

MONDAY — Two-day debate begins in House of Commons on first report from procedure committee, session 1977-78. Meetings of EEC Finance Ministers and Fisheries Ministers, Brussels. Confederation of British Industry monthly trends (February). Mr. Wilhelm Haferkamp, EEC External Affairs Commissioner, starts visit to Tokyo to discuss ways of reducing Japan's trade surplus with the EEC. Turnover of motor trades (4th quarter). Preliminary estimate of gross domestic product based on output data (4th quarter).

TUESDAY—Provisional figures for unemployment and unfilled vacancies for February. New construction orders (December). Central Arbitration Committee hearing on National Freight Corporation lorry drivers' pay parity claim. Mrs. Shirley Williams, Education Secretary, is guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, SW1. EEC Transport Ministers meet, Brussels. Mr. John Golding, Parliamentary Under-Secretary for Employment, speaks at Overs-IBC seminar, Carlton Tower Hotel, SW1.

WEDNESDAY — Mrs. Margaret Thatcher, Opposition Leader, at Conservative and Unionist Association (London area) reception, 34, Queen Annes Gate, SW. Mr. Cyrus Vance, U.S. Secretary of State, to meet Mr. Mustafa Khalil, Egyptian Vice-President, and Mr. Moshe Dayan, Israeli Foreign Minister, at Camp David, U.S. Financial Times two-day conference "Euromarkets in 1979" opens at Grosvenor Hotel, London. Mr. Peter Walker, MP, speaks at Defence of the Realm lecture series, St. Lawrence Jewry, near Guildhall, EC2. Prince Charles at Parliamentary and Scientific Committee annual luncheon, Savoy Hotel, London.

THURSDAY—Mr. Denis Healey, Chancellor of the Exchequer, addresses Labour Party "Yes" referendum campaign rally, Glasgow. Mr. Charles Williams, Prices Commission chairman, speaks at "Dealing with the Price Commission" conference, International Hotel, London. New vehicle registrations (January). Capital expenditure by the manufacturing, distributive and service industries (4th quarter — provisional). Manufacturers' and distributors' stocks (4th quarter — provisional). Car and commercial vehicle production (January—final).

FRIDAY—Bricks and cement production (January). Sales and orders in the engineering industries (November).

Lloyds Bank tops £182m after second-half boost

AN INCREASE in second half profits to £105.8m against £76.1m in the same period of 1977, gave Lloyds Bank a record result of £182.28m for 1978, an improvement of £16.04m on the profit a year earlier.

The 1978 profit is after associates' profits of £23.59m against £19.09m but before tax of £58.42m compared with £52.54m.

Earnings per £1 share are shown at 74p against 68.2p and 68.8p (63.5p) fully diluted. A final dividend of 5.5137p makes a total of 10.1487p against the previous year's total of 9.0884p.

Commenting on the results, the directors say that in the UK earnings benefited from good growth in current account balances and advances, but costs continued to rise.

The improvement in profitability was achieved against a background of only a small increase in average base rate from 8.91 per cent in 1977 to 9.08 per cent. The margin between average base rate and average deposit rate fell from 3.88 per cent to 3.31 per cent.

Earnings from international business were marginally higher in the face of fierce competitive pressures although profits were reduced by £7.8m (£7.7m) as a result of exchange movements affecting the translation of foreign currency working capital into sterling.

Professional valuations of the premises of Lloyds Bank and Lloyds Bank Property Company and directors' valuations of the premises of Lloyds Bank International and the National Bank of New Zealand were carried out during the year. A surplus on revaluation of £14.03m has been added to reserves at December 31, 1978.

	1978 £000	1977 £000
Operating profit	158,692	147,145
Associated profits	23,588	19,092
Profit before tax	182,278	166,237
Taxation	58,423	52,544
Lloyds Bank	47,026	43,042
Associates	11,397	9,502
Net profit	123,855	113,693
Minorities	844	404
Extraordinary credit	—	462
Attributable	123,011	113,751
Dividends	16,884	15,052
Retained	106,127	98,699

Operating profit is stated after £1.29m (£0.51m losses) on sales of investments other than trade investments. The five-year averaging system used since 1969 has been discontinued but the effect of this change is not material and the corresponding figures for 1977 have not been restated;

A charge of £7.18m for depreciation of freehold buildings and leaseholds with more than 50 years unexpired were not depreciated, ments over 50 years, or over the remaining period of the lease if less than 50 years.

Previously, freehold buildings and leaseholds with more than 99 years unexpired were not depreciated, but obsolescence of buildings was charged when reconstruction took place. The effect of this change in accounting policy is not material;

A charge of £7.24m (£2.7m) for five months for the staff profit sharing schemes;

A charge for provision for bad and doubtful debts. The five-year averaging system employed since 1969 has been discontinued.

The total of outstanding provisions for bad and doubtful debts and movements in the year are: balance at December 31, 1977 £74.13m; advances written off less recoveries of advances written off in previous years £4.96m; charge to profit and loss account £8.47m giving a balance at December 31, 1978, of £77.64m.

SSAP15 has been adopted and as a result the tax charge for the year has been reduced by £45.38m (£35.51m). The 1977 tax charge is restated on the new basis. Similarly, the tax charges for 1976 and earlier years have been reduced by £84.72m.

See Lex

Ashley Ashwood

Sir Jeremy Morse, chairman of Lloyds Bank (seated), with Mr. Norman Jones, group chief executive

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Adams & Gibbon	2.88	—	3.48	4.63	4.35
Arcolectric	0.26	April 4	0.22	0.45	0.41
Cableform ...int.	1.65	April 9	0.22	—	3.3
Lloyds Bank	5.51	April 2	4.94	10.15	9.09
Charles Sharpe ...int.	4.12	April 10	4.12	—	21.9
Shires Invest. ...2nd int	6.73	—	5.46	9.73	8.46
Wagon Finance	1.67	April 4	*1.44	2.3	*2.06

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Profits increase for Wagon Finance

Following the rise from £0.82m to £1.31m in the first half, profits before tax of the Wagon Finance Corporation improved to £2.71m in 1978 compared with £2.15m a year earlier.

Tax takes £1.44m (£1.15m) giving earnings per share of 4.78p against 5.47p. The final dividend is 1.678125p making a total of 2.303125p compared to an equivalent 2.0625p.

Turnover improved from £9.52m to £10.92m. Profit is struck after interest of £3.07m compared with £2.55m.

Group instalment credit and other balances amounted to £50.14m (£38.06m) less unearned finance charges of £8.16m against £6.42m.

● comment

Wagon Finance had warned that second half profits might succumb to higher interest rates but in the event they show a small increase leaving the 12 month figure 26 per cent better. This has been achieved largely on the back of new business which rose by roughly a third over 1978. Wagon is about 85 per cent dependent on the motor and motor related sectors which, against the background of higher consumer spending, undoubtedly played a major part in last year's growth. This exposure, on the other hand, may count against the company in the current year with new car registrations expected by some to be static at best. The current level of interest rates and recent economic disruption do not bode particularly well but the company nevertheless says a reasonable start has been made. At 41p the shares are on a P/E of 8.3 and yield 8.6 per cent.

'Pru' lifts annuity rates

The Prudential Assurance Company has announced an improvement of £8 per annum per £1,000 of purchase money on its immediate annuity rates, thereby reflecting the recent rise in yields on gilt edged stocks.

Life company actuaries base their annuity rates on gilts yields over the 7-10 years period. Also life companies are now reacting much more quickly to moves in the pattern of interest rates.

Under these new rates an investment of £10,000 will secure for a man aged 65 an annuity of £1,685 per annum payable in half yearly instalment. For a woman of the same age a similar sum would buy an annuity of £1,567 per annum.

Ramar midway downturn

TAXABLE profits of Ramar Textiles are down from £110,385 to £90,345 in the half year to October 27, 1978 on turnover ahead from £4.35m to £4.78m. The Board says the company's order books are full, and the annual figures should reflect improved trading given a stable industrial climate.

For the whole of last year pre-tax profits declined from £279,000 to £206,000 on turnover of £9.05m, against £7.6m.

The chairman in his annual statement said the lower results were due mainly to reorganisation over the past two financial periods.

He added then that the reorganisation had been continuing and increasing units and value of turnover should be reflected in improved profits in the latter part of the year.

There is again no tax charge. The Board anticipates that stock appreciation relief will be available to cover the year's profits and will not be clawed back in the foreseeable future.

The single dividend last year was 0.3018p net per 5p share after a two-for-one scrip.

Major turnround at Reed Paper: further improvement expected

THE DIRECTORS of Reed International, who announced yesterday that negotiations to sell their Canadian subsidiary, Reed Paper, have now ended, report a major turnround in the subsidiary's 1978 results.

Earnings from continuing operations amounted to C$14.3m (S$60,000) and after the $9.77m ($27.51m) loss from discontinued operations, pre-tax earnings for the year came out at $4.54m compared with a loss of $26.65m. Sales rose from $189.9m to $236.8m.

The turnround was achieved both by management action and divestments during the past 18 months, and the current year is expected to show a further improvement in the company's operating and financial performance.

After income tax of $3.42m ($327,000 credit) and including $3.46m ($6.34m) share of earnings of joint venture companies, the company earned a profit on its operations of $4.58m against a loss last time of $19.98m.

There was a much reduced extraordinary debit for the period of $1.62m, compared with $46.22m, making net earnings $2.96m ($66.2m loss): per common share this was $0.09 against a $1.17 loss, before the extraordinary items.

During 1978 considerable progress was made in the implementation of the recovery programme. The financial recovery, the directors say, was aided by good market conditions for newsprint and fine papers, and more importantly, by the low value of the Canadian dollar.

The market for kraft pulp, the main product of the Dryden Mill, was poor during most of the year and it was not until October that the market would bear an increase in price from U.S.$300 to U.S.$340 a ton, a price below the levels of the previous three years.

Much of the recovery programme was concerned with closing, or divesting, marginal or unprofitable operations, or realising investments that did not generate sufficient cash, so that all the company's resources could be directed towards improving the remaining businesses.

Bank borrowings were reduced from C$68.3m to C$5.7m by the year-end and short-term investments of C$49.6m have been accumulated following the various divestments. The company, the directors state, is operating profitably, and generating positive cash flows which will be essential to the implementation of Reed's modernisation and environmental programme.

However, the further recovery of the company is impaired by the present inappropriate capital structure, including the long-term debt outstanding, of $134.5m, of which $7.8m is due in 1979, and by the problems associated with the Dryden operations. The directors believe that Dryden has a viable future, provided a responsible balance can be maintained between expenditure on modernising the mill, and those incurred for pollution control.

	1978 C$,000	1977 C$,000
Cont'ng operations:		
Sales	235,815	189,943
Operat. earnings	24,686	7,611
Interest charge	12,332	8,408
Other income	1,955	1,657
Making	14,309	860
Discontd. operats. loss	9,768	27,509
Pre-tax earnings	4,541	*26,649
Income tax	3,421	†327
Joint venture share	3,459	6,344
Making earnings	4,579	*19,978
Extraord. debits	1,616	46,224
Net earnings	2,963	*66,202

* Loss. † Credit.

Extraordinary items comprised of — discontinued operations: $27.82m (nil) gain on disposal of joint venture companies: $14.14m ($5.23m) write down of tangible assets to estimated realisable value (net of deferred income tax reduction of $11.07m); a write down of goodwill of $21.72m ($9m) and estimated closure costs of $4.52m ($6.9m); add $10m (deduct $10m) general provision established in 1977 applied in 1978 to operations discontinued.

In continuing operations there was a write down of goodwill and deferred charges: goodwill nil ($12.48m) and deferred charges nil ($3.81m). Income tax reduction due to losses carried forward $948,000 ($1.19m).

Results due next week

ICI on its own, which is reporting preliminary figures for 1978, will no doubt keep the City busy in an otherwise relatively quiet week for company results. In the textiles sector Carrington Viyella and Vantona are both due to announce full year profits while Barclays, hard on the heels of yesterday's figures from Lloyds, will furnish further evidence of the trend of banking profits over the past year.

On Thursday, ICI is expected to announce a pre-tax profit of around £450m for 1978, compared with £483m the year before. But, for City analysts, the continued escalation of the naphtha price since the year end plus the size of price increases awarded to chemical producers has reduced interest in the historical result and has focused attention on the prospects for the new trading year. On the one hand there is some concern at the possibility of margins being squeezed because raw material price increases may outstrip end product increases—either because of buyers' resistance to the price hikes or through overproduction by producers. At the same time, however, there is the potential for some significant stock profits, which should mean a very strong second quarter of 1979.

A wide divergence of estimates has marked the build up to Thursday's preliminary announcement from Barclays. However, analysts are generally agreed that the bank's pre-tax profits increase will again exceed last year's growth at Lloyds, Midland and NatWest. Although rising interest rates in 1978 resulted in a more difficult environment for the clearers, Barclays has already admitted that it is benefiting from an element of deferred profit and this should make a significant impact on the final outcome. The parent bank's good performance will have also been helped by June's ITC deal. Meanwhile, Mercantile Credit has already reported a near 90 per cent rise in operating profits and results from the international side, although not expected to be as dramatic, will have a material effect at group level. The most popular range of pre-tax profit forecasts is £330m-£360m (£268m).

In the textile sector, the market is being very wary about Carrington Viyella's prospects. Despite a distinct improvement in trading generally, especially towards the end of last year, CV is not expected to turn in more than £14m pre-tax for the 12 months ended December 31, 1978, compared with £16.52m in the previous period. Some of the blame will go to the worsted division and filament weaving side but the company's tufted carpets business presents the biggest question mark. Here, in spite of improving demand, there is a fear that CV has not managed to hold on to market share.

The results are due on Wednesday, the day after another textile company, Vantona, is due to report profits for the full-year to November 30, 1978. Vantona's business is predominantly in household textiles—an area which should have benefited greatly from the retail spending boom. Excluding any contribution from Compton—the new acquisition—analysts are expecting around £8.3m pre-tax (£6.73m). There is some uncertainty over the company's links with Iran which are probably worth up to £0.5m.

Other results to note are interims from Sime Darby and Consolidated Plantations on Monday and Brown Brothers on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Allied Insulators	Thursday	1.5	2.625	1.65
Anglo American Coal	Tuesday	20c	40c	24c
Anglo-International Investment Trust	Thursday	1	2.2	1
Barclays Bank	Thursday	5.5	5.5491	8.05
Bensinrde	Wednesday	0.7043	1.7185	0.7747
Cardinal Investment Trust	Thursday	1.5	2.4	1.65
Carrington Viyella	Wednesday	0.59895	1.50505	0.66883
Crest Nicholson	Tuesday	1.51515	3.47522	2.23881
Drake and Scull Holdings	Monday	Nil	Nil	1
English and Scottish Investors	Monday	0.90901	2.80303	0.99552
ICI	Thursday	9	7.51587	10
Martin Ford	Tuesday	1.23	1.3	1.1
Foreign and Colonial Investment Trust	Wednesday	1	2.77	1.25
Lancashire and London Investment Trust	Wednesday	1.1	1.8	Nil
Liden (Holdings)	Friday	Nil	Nil	Nil
Newbold and Burton Holdings	Thursday	1.1979	1.5972	1.33765
Olives Paper Mill Company	Thursday	1	1.25	1.2
Pentland Investment Trust	Tuesday	0.575	3.175	1.5
Tyneside Investment Trust	Friday	1	2.85	1.3
U.S. Debenture Corporation	Wednesday	1.15	2.37	1.15
Vantona Group	Tuesday	1.7871	3.364	1.9955
Weber Holdings	Wednesday	1.75	3	1.75
West Coast and Texas Investment Trust	Tuesday	0.75	Nil	1.1
INTERIM DIVIDENDS				
Peter Brotherhood	Tuesday	1.815	4.6338	
Brown Brothers Corporation‡	Thursday	0.5	0.62	
Consolidated Plantations	Monday	2.5	2.124	
Robert M. Douglas Holdings	Thursday	0.9805	2.5803	
Footwear Industrial Investments	Monday	1.4	2.3882	
Ernest Jones (Jewellers)	Tuesday	1	—	
National Carbonising	Thursday	0.66	0.87	
R. and J. Pullman	Wednesday	1.81	4.25	
Reen Consolidated	Wednesday	Nil	Nil	
Scottish Investment Trust Company	Thursday	1.10	1.30	
Sime Darby Holdings	Monday	1	1.5	
Tor Investment Trust	Thursday	2.145	3.517	
United Real Property Trust	Wednesday	1.25	4.375	
Wiggins Construction	Wednesday	0.77	0.879	

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † First figures since joining list. ‡ The period last year covered 18 months.

MINING NEWS

Chinese announce copper find

BY PAUL CHEESERIGHT

ANOTHER significant copper deposit has been discovered in China, in eastern Tibet, according to the official Hsinhua News Agency. Reserves are estimated at 7m tons, but no grades have been given.

The discovery is described as porphyry copper, however, and this could mean that although it is large in size it is low in grade.

The Hsinhua announcement, picked up by agencies in Hong Kong, is likely to increase the already growing Western interest in helping to develop Chinese mineral resources.

In December Fluor Corporation of the U.S. announced an arrangement to develop a $800m copper project in Kiangsi Province, and earlier this month it was disclosed that either Charter-CJB or Seltrust Engineering of London would submit proposals for the expansion of a copper mine in Shansi Province.

There is no indication at this stage about Chinese plans for the eastern Tibet discovery in the Qamdo prefecture, but Hsinhua said the deposit is near the surface and suitable for opencast mining. It is "among the most workable copper mines to be found," the agency stated.

EXPLORATION CUT WORRIES RHODESIANS

The Rhodesian mining industry is worried about the lack of mining exploration under way at present, writes Tony Hawkins from Salisbury.

Mr. Ivan de Zwaan, the president of the Chamber of Mines, said that because of the security situation, the industry was not even in a position to assess the extension of orebodies already being worked.

"We are going to feel the draught some time in the future when existing deposits are depleted and there are no new ones to take their place," he said.

The major mining groups operating in Rhodesia have been forced gravely to curtail or abandon prospecting programmes over the last two years because of the widening effects of the guerrilla war.

ROUND-UP

Work resumed yesterday at Bougainville Copper, the Rio Tinto-Zinc group unit in Papua New Guinea, after a compromise agreement on a wage claim. Workers had been on strike for two days. The compromise provides for the 2,000 workers to receive a cost-of-living adjustment while negotiations continue on their main claim.

★ ★ ★

Homestake Mining, the U.S. gold and base metals group, had 1978 final quarter net profits of $9.7m (£4.8m) compared with $5.7m in the same period of 1977. This brings the total net income for 1978 to $31m (£15.5m) against $2.58m in 1977.

★ ★ ★

Mining Investment Corporation announced that, through Energy, Finance and General Trust, it is placing with institutional shareholders 600,000 new ordinary shares of 12.5p at a price of 60p a share. This raises £360,000 for the company. Mincorp has until the end of April to decide whether to place a second tranche of 600,000 shares. This second placing would be underwritten by Energy, Finance and General Trust.

IN BRIEF

SAINT PIRAN—January production of tin concentrates (figures in tonnes) UK (tonnes treated 21,825) 197 (70 per cent tin metal). Malaysia 40, Thailand 74. December—136, 19 and 86 respectively.

MOUNT ISA MINES—Production for the period January 15/February 11: Lead ore treated 169,942 tonnes, produced 10,250 tonnes crude lead and 11,775 tonnes zinc concentrates. Copper ore treated 361,964 tonnes produced 11,850 tonnes blister copper.

BIDS AND DEALS

Caledonian accepts LMI—Timberland to be sold

BY ARNOLD KRANSDORFF

Caledonian Holdings, the Stenhouse offshoot which came to the market just over two weeks ago, has accepted an increased offer from London and Midland Industrials worth £12.2m—nearly £4m more than LMI's original bid and almost double Caledonian's flotation price.

As part of the deal, which LMI says is the reason for increasing the terms, Harris Queensway Group—also a newcomer to the Stock Exchange—will buy Timberland, the retail element of Caledonian's home improvement division, for £5m. In addition Harris will pay Timberland's debt to Caledonian, amounting to £1m.

Terms of the offer—six LMI shares plus 245p cash for every seven Caledonian shares—values each Caledonian share at around 122p based on LMI's share price last night of 102p. On this basis the total acquisition value, including the 2.95m shares (nearly 30 per cent) of Caledonian already owned by LMI, amounts to £10.6m.

The combined cash and share offer of 122p from LMI compares with a 110p pricetag by another bidder, Comet Radiovision Services, which last night said it was consulting its financial advisers. Comet currently holds about 22 per cent of Caledonian's shares.

On the Stock Market yesterday, Caledonian's shares, which returned from a brief suspension, closed 7p higher at 117p to stand around 5p below the increased bid price.

Harris Queensway's share closed 2p lower at 177p while those of Comet climed 5p to 102p.

LMI, which has interests in consumer products and engineering, said its policy was to extend the base of its operations over related manufacturing activities. Apart from D-I-Y, Caledonian's business includes jewellery, engineering and ladies' hosiery. The acquisition will have distinct advantages for both businesses, states LMI.

The deal includes a two-year agreement under which Timberland will continue to sell kitchen units manufactured by Caledonian. For the year ended September 30, 1978 Timberland's pre-tax profits totalled £0.46m: net worth amounted to £1m after deduction of inter-company loans.

LMI says that the recommended offer and agreement with Harris is expected to produce a 26 per cent increase in the enlarged company's earnings per share.

Arrangements have been made for Morgan Grenfell to underwrite the cash element of the recommended offer so as to provide a cash alternative of 115p per Caledonian share.

Mr. W. R. Burns, Caledonian's chairman, has accepted an invitation to join the LMI board following the recommended offer becoming unconditional.

Mr. Philip Harris, chairman of Harris Queensway, estimated that Timberland's sales in the current year would total between £16m and £20m and lift group turnover to more than £80m. He described the £5m acquisition as "a bargain," and said that Timberland's kitchen and bedroom furniture activities were a logical extension to the company's carpets and furniture business.

See Lex

Glass & Metal bid approach

Glass and Metal Holdings, the glass merchant and steelwork contractor, has received an approach which could lead to a formal bid being made for the company.

Discussions are at a preliminary stage and a further announcement is promised in due course.

Yesterday's announcement came too late to have any effect on the share price. The group's shares stand at 90p which values the group at £3.56m.

In the last balance sheet for the year ended October 31, 1977 there were net assets of about 84p a share.

Earlier this week Glass and Metal announced a profits downturn for the year ended October 31, 1978 from £1.1m to £913,804 pre-tax. Trading had been adversely affected by a four-week industrial dispute, a five-week disrupted production for three weeks and the industrial dispute at Ford Motors during the last quarter, which substantially eroded the turnover of the engineering subsidiaries.

BBI Nigerian bank sale gives 80% to national interests

Barclays Bank International has agreed to sell 50 per cent of its present shareholding in Barclays Bank of Nigeria.

Leon. merchant bankers, will shortly be offering these shares to the citizens of Nigeria on behalf of BBI.

Once the sale has been completed the Nigerian public will own over 28 per cent of the bank, bringing the total Nigerian interests to 80 per cent.

Shareholders will then be asked to approve that the name of the bank be changed to Union Bank of Nigeria.

Barclays Bank International has offered and Barclays Bank of Nigeria has agreed in principle that a technical services agreement will be drawn up to assist in the further progress of the bank. Barclays Bank International will act as Union Bank of Nigeria's principal overseas correspondent and second a number of experienced staff.

CORN EXCHANGE TALKS OFF

The Corn Exchange announced yesterday that all talks which "might have led to an offer for the capital of the company" have now ceased.

Last November, the company said that bid talks with an unknown party had broken down, but at the same time it said discussions with another potential bidder were underway.

The company's annual accounts for the year ended December 31 1978 were also issued yesterday and show that its property in Mark Lane has been valued at £9.5m compared with £8m at the end of 1977. At the height of the last property boom in 1973 an £18m valuation on the property was viewed as unduly cautious.

The company says it hopes to add a further floor at its Mark Lane premises and that work will start later this year. The extra accommodation will be let on an existing tenant.

Yesterday's accounts were also accompanied by an announcement that London Trust had increased its shareholding to 200,000 ordinary shares, equivalent to just over 7 per cent of the issued share capital.

Largely because of dividend restraint, the company had accumulated liquid funds of over £250,000 and it had been decided a 46p per share bid from the

that a suitable investment would be the purchase of capital goods for leasing.

Pre-tax profit in 1979 is expected to remain static, as major modernisation of the lifts in the Exchange building, is intended.

WILKINSON WARBURTON

Wilkinson Warburton, the Pudsey-based textile wholesaler and distributor, is to acquire Wm. Dixon, of Nottingham, suppliers to the men's wear trade.

The deal, which will be completed in early April, will consolidate Wilkinson Warburton's position as the biggest independent supplier of clothing to UK retail outlets. The group, which buys UK and imported merchandise, trades under the brand name Invicta for men's wear, and Corexa for women's wear. It is expected to report turnover approaching £20m for the year ending December 31, 1978.

No price is being given for the purchase of Wm. Dixon—certain manufacturing interests of which will not be included in the deal. Mr. Peter Marshall, Wilkinson Warburton chairman, said yesterday, they would be running Wm. Dixon as a separate company and retaining its men's wear buyers, representatives and other staff. The company's warehousing will be moved to Wilkinson Warburton's complex at Pudsey.

SIME DARBY/GUTHRIE

Yesterday was the last day for acceptances of Sime Darby Holdings' £122m bid for Guthrie Corporation, unless Sime decides to extend and/or increase the offer on Monday.

Sime will announce the level of acceptances first thing on Monday, possibly at the extraordinary meeting of shareholders in Kuala Lumpur, called to approve the Guthrie bid.

EPC BATTLE

The talks between English Property Corporation and Olympia and York, the Canadian property group, are still continuing, Mr. Stanley Honeyman, chief executive of EPC said yesterday. "A further announcement is expected next week." EPC is already the subject of

Dutch Wereldhave group which yesterday urged EPC's shareholders to accept its offer which closes next Friday. Wereldhave described in its letter, a side agreement it has made with EPC's main partners in Canada, but EPC's Board points out that this agreement is conditional upon the success of the main bid.

BROWN & SHARPE—CHAMBERLAIN

The formal document with details of the recommended offer by a subsidiary of Brown and Sharpe Manufacturing Co. for Chamberlain Group has been issued.

Chamberlain estimates pre-tax profit for 1978 will be not less than £1.3m (£2.0m) and that the tax charge will be about £615,000.

No provision has been made for any sums, including future legal costs, which may be payable by Chamberlain or its subsidiaries in respect of legal proceedings referred to in the 1977 report.

Mr. J. F. Bedford resigned from the Chamberlain Board with effect from February 14. This was the end of his service agreement. He receives £10,000 compensation.

EMI BUYS OUT CAPITOL MINORITY

EMI announces that its U.S. music subsidiary, Capitol Industries-EMI, which recently bought United Artists Records, has become a wholly-owned subsidiary.

Following a U.S.-style merger voted on by Capitol shareholders, the merger has been consummated with no dissenters. The cost of acquisition is $1.7m. In consequence, EMI now holds 100 per cent equity interest in Capitol, as with all its other music activities in North America.

BICC IN R2M EXCHANGE DEAL

BICC International has agreed to sell BICC SA (Pty) to Scottish Cables (South Africa) in exchange for 1,334,000 shares in Scottish Cables, worth Rand 2m. The deal will increase BICC International's stake in Scottish Cables from 53 to 58 per cent.

BICC SA is a distributing company. BICC SA and Scottish Cables should both benefit by joining forces, a spokesman said yesterday. The two companies already do business together.

RESULTS AND ACCOUNTS IN BRIEF

ST. ANDREW TRUST—Final dividend 2.9p (2.65p) making 4.9p (4.15p) for 1978. Gross revenue £1,101,116 (£932,543). Tax £362,322 (£308,769). Net asset value per share 156.8p (150.4p). Earnings per share 5.08p (4.26p).

EWART NEW NORTHERN—Loss for half year to October 31, 1978 £3,013 (loss £3,071) after tax £1,615 (£1,457), states in interim report that rental income is likely to increase gradually during the second half year, but additional bank interest will be payable due to current high bank overdraft rate, even though further reduction in company's bank overdraft is anticipated during next twelve months.

WINTERBOTTOM TRUST—Results for year to November 30, 1978 already reported. Investments £16.76m (£14.46m). Unrealised appreciation £3.4m (£4.27m). Directors confident of level of dividend payable for current year. Equity and Law Life Assurance holds 22 per cent of capital and Prudential Assurance, 33 per cent. Meeting, Great Eastern Hotel, EC, March 8 at 11 am.

THOMAS FRENCH AND SONS (curtain products, electronics industry supplier)—Results for year to September 30, 1978 already reported. Fixed assets £1.44m (£1.18m). Net current assets £2.41m (£2.19m). Eagle Star Group holds 28.32 per cent of group capital. Meeting, Old Trafford, Manchester, March 2, at 12.30 pm.

ALSA INVESTMENT TRUST—Net asset value per share at December 31, 1978, after prior charges 149.1p (138.7p).

ALVA INVESTMENT TRUST — Net asset value per share at December 31, 1978, 195.9p (173.7p).

TANJONG TIN DREDGING—Output of tin concentrates for 12 months ended December 31, 1978, 190 tons (235 tons). Estimated metal content received for tin concentrates £3,407 per m. ton (£3,055 per m. ton). Profit, before tax, for the nine months after allowance for depreciation and expenditure in the UK £138,000 (£191,391). Interest and dividends received £79,000 (£72,920). Estimated profit before taxation and exchange differences £217,000 (£284,311).

LONDON AND GARTMORE INVESTMENT TRUST—Gross revenue for half-year to December 31, 1978, £98,517 (£87,210). Debenture and loan interest £29,667 (£29,712). Available revenue £13,884 (£14,139). After tax and estimated tax. Earnings per share 0.327p (0.186p) but estimate for full year dividend of 0.345p (0.3p) to be above those of previous year. Total assets at December 31, £9.09m (£8.13m). Net asset value 37.7p (25.1p).

CLAVERHOUSE INVESTMENT TRUST—Results for 1978 already known. All values in brackets are for previous year: Investments £10.97m (£10.39m). Current assets £256,410 (£140,425); current liabilities £220,169 (£230,061). Meeting, 6 Crosby Square, EC, on March 6.

CAMBRIDGE WATER COMPANY—Results for 1978 already reported. Fixed assets £5.4m (£5.77m). Current assets £0.76m (£1.3m) and liabilities £0.45m (£0.43m). Meeting, Cambridge, March 7, at 4.30 pm.

THE "M & G" CONVERSION TRUST FUND—Final distribution for accounting period to February 15, 1979, 2.7p net (same), payable on March 31, 1979, making 4.8p (4p) per unit.

CRESCENT JAPAN INVESTMENT TRUST—Dividend 1.3p (nil) for 1978. Revenue available for ordinary £136,726 (£37,639) after tax £150,295 (£39,595). Earnings per share 2.68p (0.73p). Net asset value per share after prior charges 397.1p (318.9p). Earnings per 50p share 2.214p (0.607p). Net asset value per share 249.4p (152.5p).

DRAYTON PREMIER INVESTMENT TRUST—Net revenue £2,390,044 (£2,103,285) after tax £1,561,241 (£1,473,537) for year 1978. Net asset value per share 398p (246.3p). First final 4.4p making 7.4p (6.7p).

FINLAY INDUSTRIES—Results for year ended September 29, 1978, already reported. Fixed assets £12.47m (£11.06m). Net current assets £4.15m

denda received £79,000 (£72,920). Estimated profit before taxation and exchange differences £217,000 (£284,311).

NORTON INDUSTRIES (steel stockholders)—For half year to December 31, 1978, sales £19.69m (£20.23m). Pre-tax profit £942,174 (£525,716). Tax £372,268 (£227,769). Net profit £569,906 (£297,947). Earnings per share 13.28p (7.23p). Company re Control Manufacturing and Trading group.

ANGLO-AFRICAN FINANCE COMPANY—Year to July 31, 1978, Profit £146,295 (£49,803) for previous 18 months after tax £58,800 (£78,535). Earnings per share 59p (23.4p). Dividend 0.75p (1.125p). Results for year under review include dividend of £72,635 paid by Transvaal Bank for last year ending July 1977. At 1978 year-end group held 45.46 per cent of Dewhurst Dent.

MOORSIDE TRUST—For 1978 gross revenue £1,099,004 (£1,069,196). Net revenue £496,644 (£429,944) after tax of £288,656 (£274,271). Earnings per 25p share 5.04p (4.54p). Net asset value 120.72p (118.19p). Final dividend 3.725p making 5.225p (4.76p).

ANGLO AMERICAN SECURITIES CORPORATION—Second interim dividend of 1.5p (1.9p) making 3.2p (3p) for year to January 15, 1979. Pre Asset Value £1,440.9m ... Tax £1,349,377 (£1,292,867). Net surplus £2,327,431 (£1,889,948).

WIGGINS TEAPE GROUP (ultimate holding company is BAT Industries)—Results for year ended September 30, 1978, reported February 21. Group turnover £315.6m (£325.2m). Net current assets £114.3m (£116.23m). Meeting, Basingstoke, March 19, 12.45 pm.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Lord Grade's Associated Communications (the parent company of ATV) is bidding nearly £13m for Mr. Lauria Marsh's Intereuropean Property Holdings, which runs the 81 Classic cinema chain which is the main profit centre of Intereuropean. Formal takeover talks between the two took only one day to complete and ended with agreement from Mr. Marsh and other shareholders representing 47.86 per cent of the company. Terms of the offer, which is being recommended by Intereuropean, are 90p in cash or 34p in cash plus a package of Associated "A" shares to the value of 85p.

Mooloya Investments has acquired a further tranche of shares in Customagic Manufacturing bringing its holding to just over 82 per cent and is now offering to buy the outstanding shares through the market at 24p cash. This comes six months after Mooloya announced that its offer of 21p per share was to go unconditional with support from 55.8 per cent of the shares. At that time, the investment company was criticised by the City Takeover Panel for the way it went about gaining control of Customagic and was found in breach of Rule 36 of the Takeover Code. The new offer is being recommended by the Chairman and deputy chairman of Customagic.

Mr. Geoffrey Rose last week announced that he has sold his entire interest in Crellon Holdings. Together with Nytronics Inc., he acquired the shares in Crellon last year but stated recently that he decided to sell because of the pressure of work at another of his companies-Audiotronic Holdings. Nytronics and Mr. Rose respectively sold 2m and ½m 12 per cent convertible preferred shares at 15p each after having acquired them last spring at 10p each.

The Insurance Broking field which has been active of late with several transatlantic deals provided another piece of news last week when Minet Holdings, a Lloyds of London insurance broker, announced that it is planning to merge its insurance business interests with Corroon and Black, one of the top six insurance brokers in the U.S. Exploratory discussions have been taking place with a view to the two concerns sharing the results of their worldwide businesses.

The shares of Lindsay and Williams, the Manchester-based manufacturer of electric cable materials, soared 29 last Wednesday on the announcement that the company is engaged in bid talks with RFD, manufacturers of marine and aircraft inflatable equipment and aircraft recovery systems.

Undeterred by the rejection of its first offer for Johnson-Richards Tiles and the subsequent move by J-RT to merge with Armitage Shanks, Norcros reappeared on the scene this week with an improved bid for Johnson-Richards. The new offer comprising one Norcros share plus 65p in cash is worth about 147p per share. London Brick has a 10 per cent stake in Johnson-Richards and, coupled with other shareholders bringing the total to 13 per cent, has agreed to accept the Norcros offer.

Moss Engineering forecast a "very substantial recovery from last year's position" in a detailed defence document rejecting the bid from GEI International which is worth just over 79p per share.

News that GEC's mooted bid of 225p cash per share for weighing machine manufacturer Averys had been referred to the Monopolies Commission added to the uncertainty already surrounding the situation and left Averys a weak market.

The discussions with an unnamed suitor which Brigray Group was engaged in were terminated last week.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Alginate	385*	374	309††	21.01	Merck	20/2
Anglo-Swiss|||	54†	55	29††	1.40	Armstrong Eq.	—
Ash Spinning	110*	106	108	0.88	John Bright	—
Best & May	84§§	82	65††	1.89	Crown House	—
Caledonian Hldgs.	122½§	117½	72	12.2	London & Midland Inds.	9/4
Chamberlain Grp.	65*§	63	45	7.97	Brown & Sharpe	—
Customagic	24*§	23	22	0.23	Mooloya	—
Dartmouth Invs.	25*	24	19½	3.23	Harsco Corp.	—
Dufay	30*‡	43	38	3.90	Camrex	—
English Property	46*	42	36½	43.95	Wereldhave	23/2
G. R. Francis	68*	67	64	1.39	Central Mfrg. & Trading	—
Guthrie	423*	430	345	122.1	Sime Darby	16/2
Intereuropean Property	90*	85	57††	12.77	Assoc. Communications	—
Jackson Bourne End	100*§	72	76	0.44	Rowinsinster Holdings	—
Jhnsn. Richards Tiles	147§§	130	109	32.2	Norcros	—
Moss Engineering	79	83	72	3.64	GEI Intl.	—
Westinghse. Brake	95†	90	82	40.5	Hwkr. Siddly.	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 15/2/79. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 16/2/79. ||| Unconditional.

Scrip Issues

Joseph Webb: One for five.
Alexanders Holdings: One for four.

Rights Issues

Donald Macpherson: One for four at 67p.
Taylor Woodrow: One for four at 315p.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
AC Cars	Sept.	205 (218)	5.6 (5.4)	0.6 (0.95)
Alexanders Hldgs.	Sept.	561 (302)	1.7 (0.6)	Nil† (Nil)
Beaumont Props.	Sept.	1,124 (1,018)	4.5 (4.6)	3.87 (3.47)
Birmid Qualcast	Oct.	4,767 (10,548)	3.5 (13.7)	4.98 (4.46)
Glass and Metal	Oct.	914 (1,052)	15.6 (14.2)	3.38 (3.03)
Harris Lehms	Oct.	495L (302)	22.9L (12.3)	Nil (3.27)
Howard Machnry.	Oct.	2,250 (1,590)	2.5 (2.4)	1.12 (2.23)
Lds Pride Ourrer.	Nov.	1,009 (1,520)	8.5 (8.8)	2.16 (1.93)
Dnld. Macpherson	Oct.	4,000 (3,000)	23.3 (11.8)	2.94 (2.65)
Mnchstr. Ship Cnl.	Dec.	1,990 (1,960)	23.4 (20.4)	17.38 (15.7)
Nottingham Mfg.	Dec.	15,410 (15,020)	21.0 (20.2)	3.62 (3.24)
Seeneicor	Sept.	5,416 (4,820)	19.5 (18.1)	3.55 (1.99)
Thermal Syndcte.	Oct.	1,170 (1,700)	17.0 (27.3)	6.0 (6.7)
Bernard Wardle	Dec.	1,520 (1,060)	5.1 (4.6)	1.42 (1.28)
Wm. Whittingham	Oct.	1,250 (499)	18.2 (4.6)	2.01 (0.99)
Thomas Witter	Nov.	1,873 (878)	9.7 (4.3)	3.51 (3.15)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Ariel Industries	Sept.	329 (326)	0.97 (0.84)
Dale Electric	Oct.	1,910 (1,100)	1.4 (1.25)
Dalgety	Dec.	12,200 (10,000)	5.04 (4.81)
Electronic Mchn.	Oct.	33 (123)L	Nil (Nil)
Guildhall Prop.	Dec.	379 (297)	0.6 (0.6)
John James	Sept.	1,108 (1,010)	1.5 (1.16)
Meat Trade Supls.	Sept.	135 (185)	3.36 (3.3)
MFI Furniture	Nov.	6,030 (1,710)	2.2 (0.90)
Nolton	Oct.	93 (68)	0.27 (0.27)
Press Tools	Oct.	170 (124)	0.73 (0.66)
Joseph Webb	Sept.	238 (245)	0.13 (0.11)
Reliance Knitwear	Oct.	350 (391)	1.54 (1.4)
Wstmnstr. C. Pps.	Oct.	70 (69)L	0.5 (1.0)

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † Company pays scrip issue in place of dividend. L Loss.

APPOINTMENTS

Board post at Hoover UK

Mr. Joseph R. Cutinella has been elected a director of HOOVER LIMITED in the UK. He is senior vice-president and director of the Hoover Company, U.S. and president and chief executive officer of Hoover Worldwide Corporation.

★

The Secretary for Industry has appointed Sir Leslie Smith as a part-time member of the NATIONAL ENTERPRISE BOARD for three years. Sir Leslie is chairman of British Oxygen Company International.

★

Mr. Derek R. Price has been appointed chairman of the Mechanical Engineering Short Term Trends Working Party, following the transfer of the working party from NEDO to the ENGINEERING EMPLOYERS' FEDERATION. He is managing director of the Newall Engineering Company and of Elliott Machine Tools.

★

Mr. Jack Mitchell has joined the management board of the BRINTEX group. He will be mainly responsible for work on the USSR National Exhibition.

★

The Secretary for Trade has appointed Mr. Michael Montague as chairman of the ENGLISH TOURIST BOARD to succeed Sir Mark Henig, who died recently. The appointment is on a part-time basis and is for three years from March 1. Mr. Montague is chairman of the Valor gas appliance group.

★

Mr. Raymond H. Allen, director of manufacturing — GEC Machines, will become LONDON TRANSPORT'S engineering director (buses), a new post created as part of a major management reorganisation. He will serve on the newly-created management board for London's bus services headed by the managing director (buses), Dr. David Quarmby.

★

Mr. Eric Mackay and Mr. Ronald East have become non-executive directors of BERNARD WARDLE AND CO. Mr. K. O. Berry, a director and former chairman, will not seek re-election at the annual meeting on April 18.

★

Mr. Alan Marsh is to join the Board of TOYOTA (GB) on March 1 in the new post of sales and marketing director. He was previously with Leyland, where he was director of service and market supply at Rover Triumph Cars. Mr. Ray Christie, who was finance director of Clarkson International Tools, will also become a member of the Board of Toyota (GB) at the beginning of next month as finance and administration director.

★

Mr. J. G. Martin has been appointed a director of the main Board of WILLIAM WHITTINGHAM (HOLDINGS). He has been managing director since 1969 of its subsidiary Colortrend.

★

Mr. Julian Allason has joined the Board of MICROACT, a subsidiary of Applied Computer Techniques.

★

Mr. Stuart Henderson, assistant managing director of Curwen Press, is to be appointed commercial director of the BRITISH PRINTING INDUSTRIES FEDERATION. He will join the Federation at the beginning of May and will take over administration of the trade association activities from Mr. Eric Dixon, deputy director and secretary, who is to retire at the end of June.

★

Mr. S. J. Hyde, formerly managing director, has been appointed chairman of BUOYANT UPHOLSTERY. Mr. F. E. J. Lewis and Mr. J. R. Lloyd have become joint managing directors.

★

Mr. G. I. Barty King, who became a director of the SAVOY HOTEL in 1962 and has been vice-chairman since 1977, has retired from the Board. He has been succeeded as vice-chairman by Mr. G. B. Potts, who joined the Savoy staff in 1946 and was appointed to the Board in 1953.

★

Mr. T. H. Bees has been appointed secretary of GALBRAITH WRIGHTSON.

★

Mr. Christopher McDouall has been appointed group managing director of the NEVE GROUP.

Directors make award to student

A GOLD sovereign was last night presented by Mr. Stuart Watson, executive director of the Institute of Directors, to Mr. Per Aas, who is the 15,000th student to visit Britain under the institute's group visit scheme. The award was made at the institute's London headquarters.

Mr. Aas is a final year student of naval architecture and marine engineering at Bergen Engineering College. Since 1964 more than 1,000 companies and institutions have supported the scheme to give foreign students direct experience of British industry.

WORLD STOCK MARKETS

Wall St. drifts in light volume

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—89¾% (88¾%)
Effective $2.0032 46¼% (45½%)

STOCKS DRIFTED in light trading on Wall Street yesterday, when there was little incentive to buy or sell with a long holiday weekend coming—Monday being Washington's Birthday.

The Dow Jones Industrial Average shed 2.08 to 827.01, reducing its rise on the week to 4.68. The NYSE All Common Index, at $55.37, eased one cent on the day but was still up 50 cents on the week, while gains led losses by 696 to 608. Trading volume further decreased 1.51m shares to 21.11m.

Traders focused attention on Energy-related issues.

Worries about rising oil prices and factional fighting in Iran remained depressants.

The Stock Market paid little attention to news through the day, trading within a very narrow range. There were predictions that Algeria and Nigeria would soon follow Abu Dhabi and Qatar in raising premiums on light crude oil.

There was also a report, later denied, that OPEC Oil Ministers would meet in March to discuss the impact of Iran on World Energy, and the U.S. began airlifting Americans from Iran.

Mexican President Lopez Portillo said the U.S. and Mexico agreed to reopen talks on principals governing sales of oil and natural gas to the U.S.

Early in the day the Commerce Department said U.S. January Personal Income rose just 0.4 per cent after a 1.2 per cent rise in December. Later it said January Housing Starts fell 19.7 per cent—severe winter weather was the main culprit.

In the Energy field, active Exxon picked up $⅛ in $50⅛. Mobil $⅛ to $71. Superior Oil $4¼ to $339. Halliburton $⅜ to $64⅞. Eastern Gas and Fuel $¼ to $18⅜ and Continental Oil $⅛ to $31⅞.

Active Occidental Petroleum rose $⅜ to $19⅜. A Federal judge said it does not have to pay legal fees and costs incurred by Mead Corp in blocking a takeover bid.

THE AMERICAN SE Market Value Index increased 0.57 to 163.15, making a rise of 3.07 on the week.

CANADA — Movements were narrowly mixed in active trading yesterday, when the Toronto Composite Index rose 1.9 to 1,383.4.

The Oil and Gas Index moved up 11.1 to 2,004.0 and Papers firmed 0.10 to 156.10, but Metals and Minerals lost 3.1 to 1,240.8, Golds dipped 4.2 to 1,593.4, Utilities eased 0.68 to 200.08 and Banks shed 0.41 to 310.86.

HONG KONG—Weaker in small volume, with Hang Seng Index down 7.71 to 531.24. Sentiment depressed by expectations of a deflationary Hong Kong Budget later this month.

PARIS—Barely steady in moderate turnover. Sentiment unsettled by fears Algeria and Nigeria may follow light crude price rise announced by Abu Dhabi and Qatar.

SWITZERLAND — Lower with next weekend's National Referendum on Nuclear Power continuing to inhibit business, while stable dollar underpinned market.

GERMANY — Slightly firmer after weakness in initial trading.

Motors steady to firmer. Insurances mixed. Among Chemicals, Degussa shed DM4.50.

BRUSSELS—Mixed in quiet trading.

UK, Dutch and German stocks little changed, U.S. and French mixed. Gold Mines steady.

AMSTERDAM—Mixed in very quiet trading.

State Loans steady to lower.

MILAN—Easier with operators awaiting domestic political developments, while unresolved problems in Iran further depressing factor.

Bonds narrowly mixed in quiet trading.

JOHANNESBURG—Gold shares were mixed. Mining Financials firmer in quiet trade.

AUSTRALIA—Markets higher, led by BHP on its 12.3 per cent rise in interim earnings. Leading Mines firm in response to rise in Metal prices on London Metal Exchange.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Occidental Pet	315,800	19⅜	— ⅜
Am Home Prod.	230,900	27⅞	+ ⅛
Pfizer	222,900	31	+ ⅛
Exxon	212,900	50⅛	+ ⅛
Halco Chemical	210,400	32	+2⅛
Boeing	194,600	68⅛	— ⅜
Macmillan	174,900	12½	+ ⅛
Gardner-Den.	158,400	30⅜	— ⅛
UAL	152,800	24⅞	— ⅛
Ashland Oil	151,900	38	—

Indices

NEW YORK—DOW JONES

	Feb. 16	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 9	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
♦Industr'ls	827.01	822.09	829.78	830.21	824.64	822.55	907.74	742.12	1051.70	41.22
H'me B'nds	85.18	85.28	85.21	85.20	85.52	85.58	90.88	84.82	[illegible]	[illegible]
Transport.	211.77	212.02	213.82	212.50	208.28	207.75	261.49	199.31	279.88	13.23
Utilities	104.86	104.90	104.05	103.72	103.38	103.21	110.98	97.73	163.32	10.58
Trading vol. 000's	21,110	22,620	27,350	28,520	20,650	24,350				

♦ Day's high 823.54 low 821.69

	Feb. 9	Feb. 2	Jan. 26	Year ago (approx)
Ind. div. yield %	5.25	5.83	5.66	6.94

STANDARD AND POORS

	Feb. 16	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 9	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
Industr'ls	110.00	110.08	110.22	110.56	102.50	102.10	110.71	96.52	134.64	3.52
Composite	98.67	98.73	98.87	99.25	98.20	97.87	106.99	86.90	125.85	4.40

	Feb. 14	Feb. 7	Jan. 31	Year ago (approx.)
Ind div. yield %	5.07	5.16	4.99	5.33
Ind. P/E Ratio	8.29	8.60	9.05	8.57
Long Gov. Bond Yield	8.86	8.86	8.84	8.26

N.Y.S.E. ALL COMMON

Feb. 16	Feb. 15	Feb. 14	Feb. 13	1978-79 High	1978-79 Low
55.27	55.38	55.42	55.46	60.38 (11/9)	49.37 (6/3)

Rises and Falls

	Feb. 16	Feb. 15	Feb. 14
Issues Traded	1,772	1,840	1,942
Rises	696	590	699
Falls	608	803	698
Unchanged	468	447	445
New Highs	—	12	23
New Lows	—	11	14

MONTREAL

	Feb. 16	Feb. 15	Feb. 14	Feb. 13	1978-79 High	1978-79 Low
Industrial	232.45	232.03	233.22	231.52	232.45 (16/2/79)	192.95 (16/1)
Combined	238.10	235.65	236.17	234.81	237.03 [illegible]	170.42 [illegible]
TORONTO Composite	1383.4	1381.5	1368.8	1377.8	1383.4 (16/2/79)	999.2 (30/1)
JOHANNESBURG Gold	283.7	282.8	278.6	281.3	292.7 (7/2/79)	185.8 (30/4)
Industrial	307.2	308.0	308.2	309.3	309.3 (8/2/79)	194.8 [illegible]

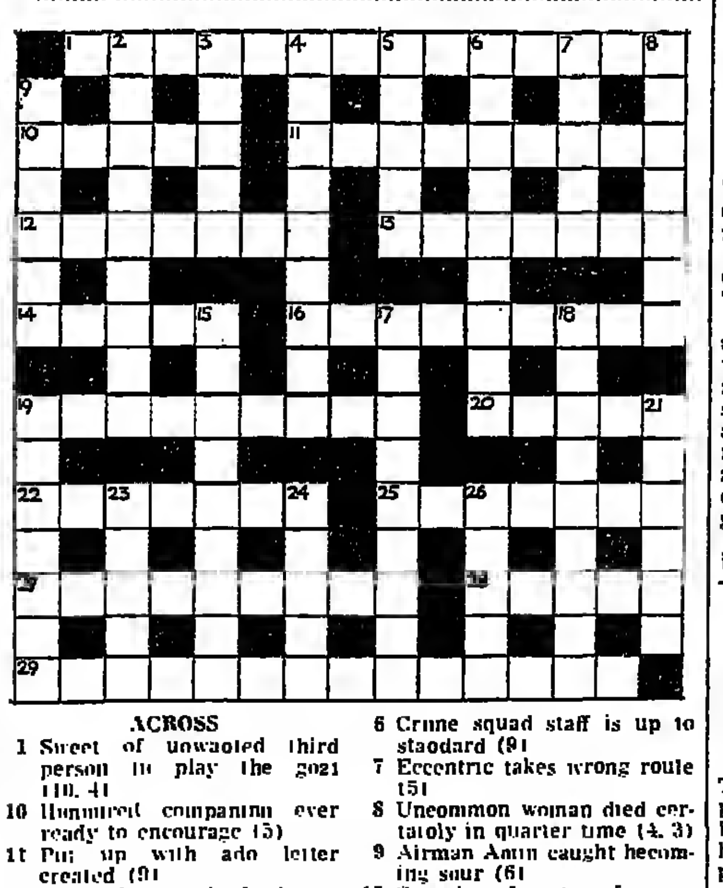
	Feb. 16	Pre-vious	1978-9 High	1978-9 Low
Australia	576.96	573.07	[illegible]	[illegible]
Belgium	104.80	104.50	[illegible]	[illegible]
Denmark	95.29	95.32	[illegible]	[illegible]
France	71.4	71.5	[illegible]	[illegible]
Germany	793.8	793.3	[illegible]	[illegible]
Holland	82.1	82.0	[illegible]	[illegible]
Hong Kong	531.24	538.95	[illegible]	[illegible]
Italy	72.01	72.39	[illegible]	[illegible]
Japan	452.72	450.59	[illegible]	[illegible]
Singapore	358.22	358.02	[illegible]	[illegible]
Spain	97.92	100.32	[illegible]	[illegible]
Sweden	387.42	386.65	[illegible]	[illegible]
Switzerland	318.4	318.8	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. || Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ||| Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

F.T. CROSSWORD PUZZLE No. 3,900

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

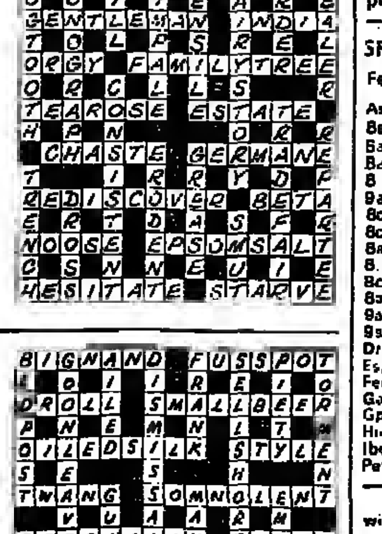
Name ......
Address ......



ACROSS
1 Sweet of unwanted third person to play the goat (10, 4)
10 Illumined companion ever ready to encourage (5)
11 Put up with ado letter created (9)
12 Lame democratic leader is talented (7)
13 Defer hacking useless payout (7)
14 Restrict credit given to a member (5)
16 Old boys can account to youth leader for inflexibility (9)
19 Passed by superior thanks to small boy (9)
20 Infant king returning meat stickily cooked (5)
21 Ill-fated ship of enormous proportion (7)
25 Athletic gunman (7)
27 Cliff translated epic within prescribed cost (9)
28 The persons there are in West-end stocking goods (5)
29 Unaffected by concern paid no principal (6, 8)

DOWN
2 Park during free interval (4, 5)
3 Keep quiet over massage given in plant (5)
4 Request from royalty hunting author heard with meticulous exactness (2, 3, 4)
5 Car for which some dough is required (5)
6 Crane squad staff is up to standard (9)
7 Eccentric takes wrong route (5)
8 Uncommon woman died certainly in quarter time (4, 3)
9 Airman Amin caught becoming sour (6)
15 Capacity for transforming plate into ... (9)
17 ... ten scenes that may be growing old (9)
18 Birdie that's better than an eagle of course (9)
19 Marine creature taking month over work (7)
21 Stop Napoleon's marshal entering row (6)
23 Heat generated by hothead during session (5)
24 Peppery stuff with misleading sound (5)
26 Taking first thousand off huss is a blunder (5)

Solution to Puzzle No. 3,899



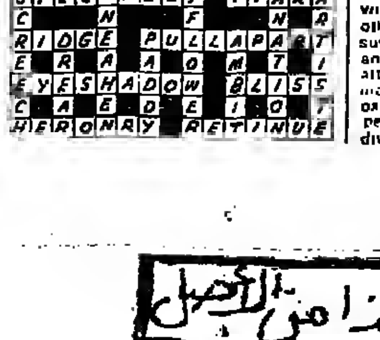
SOLUTION AND WINNERS OF PUZZLE No. 3,894

Following are the winners of last Saturday's prize puzzle:

Mr. A. Jackson, 53, Napier Court, Ranelagh Gardens, London, SW6.

Mrs. W. J. Matheson, 21, Caewal Road, Llandaff, Cardiff.

Mr. J. Walters, 24, Cedar Grove, North Runcton, King's Lynn, Norfolk.



Ruling on copyright hits film makers

FILM MAKERS cannot prevent unlicensed publication of still photos reproduced from single frames of a film, Deputy Judge Mervyn Davies ruled in the High Court yesterday.

In a judgment which could have serious consequences for the film industry, he said that such reproductions were not infringements of the 1956 Cinematograph Copyright Act. There would be infringement only if substantial parts of the film were copied.

The ruling came in an action over photographs of television "cops" Starsky and Hutch.

Aaron Spelling Productions and Leonard Goldberg Productions, makers of the Starsky and Hutch television films, had sued BPC Publishing, trading as Phoebus, alleging that BPC's magazine *Starsky and Hutch* and a poster, produced in 1976, contained copyright photographs.

They asked for damages and injunctions stopping distribution of the magazine and poster.

Dismissing the claim with costs, the judge said the BPC obtained the photographs, which the film makers had issued as publicity material, from the BBC and a photographic agency, Syndication International.

He rejected the film makers' argument that under copyright law a photograph of a single frame of a film was a substantial part of it, even though, on commonsense grounds, widespread use of the photograph might be interpreted as "copying a substantial part."

The judge said that a film had certain recognisable qualities, such as a sequence of images capable of being shown as a moving picture. A copy of the film must possess the same qualities. A photograph did not.

After the case a solicitor for Aaron Spelling Productions and Leonard Goldberg Productions said they would almost certainly appeal.

Two insurance companies put up house contents rates

BY ERIC SHORT

TWO MORE insurance companies, Royal Insurance and Legal and General Assurance, have announced increases in premium rates for household contents insurance from March 1.

The Royal is one of the leading companies in contents insurance, with about 500,000 policyholders. It is increasing its rates—some of which have remained unchanged for more than 30 years—by between 5p and 15p per £100 sum insured.

The highest increases are being made in London, where some rises will be as much as 33 per cent, and Liverpool.

For the average policyholder living outside the London and Liverpool areas, the premium on the Royal's "inflationguard" policy for insuring contents worth £8,000 is rising by 17 per cent from £24 to £28. In the London area, the premium for that level of cover will be £48.

The rate increases being made by Legal and General are more selective. Premiums in London and Liverpool are being put up, but those in the rest of the country are for the most part unchanged.

Premiums for inner London rise to 75p per £100 sum insured and to 50p in outer London. The rate for Liverpool is increased to 40p, the same as for Glasgow, which is unchanged. For the rest of the country the rate stays at 30p, a point in which Legal and General differs from most other insurance companies, whose basic premium rate, like that of the Royal, has gone up to 35p.

NEW YORK

Stock	Feb. 16	Feb. 15
[illegible]	[illegible]	[illegible]

CANADA

Stock	Feb. 16	Feb. 15
[illegible]	[illegible]	[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ♦

Feb. 16	Price DM.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Feb. 16	Prices Yen	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Feb. 16	Aust. $	+ or —
[illegible]	[illegible]	[illegible]

SWITZERLAND ♦

Feb. 16	Price Frs.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Feb. 16	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

Feb. 16	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

Feb. 16	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

Feb. 16	Price Fls.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Feb. 16	Price Frs.	+ or —	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Feb. 16	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♦

Feb. 16	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Feb. 16	Price %	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

February 16	Rand	+ or —
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or —
[illegible]	[illegible]	[illegible]

Securities Rand U.S.$0.83½ (Discount of 41½%)

SPAIN ▼

February 16	per cent	+ or —
Asland	120	—
Banco Bilbao	282	— 5
Banco Central	293	— 5
Banco Exterior	282	— 5
B. Granada (1,000)	134	—
Banco Hispano	236	— 6
Bco. I. Cat. (1,000)	160	—
B. I. Mediterraneo	193	—
Banco Madrid	210	—
B. Santander (250)	296	— 6
Bco. Urquijo (1,000)	262	— 6
Banco Vizcaya	226	— 6
Banco Zaragozano	250	— 3
Bankunion	184	— 3
Dragados	184	— 1
Espanola Zinc	95	—
Fecsa (1,000)	56.75	— 1.25
Gal. Preciados	44	—
Gp. Velazquez (400)	186	—
Hidrola	63.25	— 2.0
Iberduero	63.50	— 2.50
Petroliber	100	—
Petroleos	156	— 4
Sniace	41.50	— 1.0
Sogefisa	125	—
Telefonica	69	— 2
Union Elec.	63	— 2

BRAZIL

Feb. 16	Price Cruz	+ or —	Cruz Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Turnover Cr. 110.8m. Volume 72.8m.
Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude S premium. Belgian dividends are after withholding tax. [illegible]

FINANCIAL TIMES SURVEY

Saturday February 17 1979

Investment Services

The increasing complexity of the investment world is enough to puzzle even the most sophisticated investor. But this very situation has stimulated a host of professional advisers drawn from many disciplines, so there is no need for any individual or group to feel left out in the cold.

Advice and planning across the board

By Eamonn Fingleton

THE PRIVATE inveator has never had such a wide choice of sources of advice to belp him manage hia money. The distinctions that used to be clear-cut between the aervices provided by insuraoce hrokers, stockbrokers, accountants, hank managers and merchant bankers are now being hturred rapidly as each profession encroaches more and more on the others' traditional terrain. There are now inanrance brokers well enough eatablished to cope with a client with £500,000 to invest; equatly there are probably merchant banks which would not turn away a client with as little as £10,000.

The distinctions have not quite disappeared, of course. By and large, the man with £500 will probably end up being advised either by his bank or by an insurance broker. The man with really big money who can afford the services of a merchant hank will probably use them in preference to those of other professionals who are arguably almost equally well qualified—and wbose fees may well be lower.

But there is a large area of middle ground — between £10,000 and £100,000—where the competition among the various professions is now fierce and where in many cases each profession can offer reasons why it is uniquely well-qualified to provide investment and financial advice.

On the product side, too, indostries which used to regard themselves as operating in entirely separate fields are coming into close competition with each other. Most major unit trust groups now have life insurance links. The life insurance industry, meanwhile, coming from the other side, is attempting to stake out the same middle ground with linked-life savings plans and bonds. Even the building societies have been diversifying with their own extremely attractive life assurance-based regular savings plans.

The common thread is tax. None of the professions these days can provide a satisfactory service without closely monitoring the investor's tax position. And to give the investor the best after-tax return, advisers bave to bave an overall view of his financial position and have often to recommend action outside their traditional field of activity.

Insurance brokers have probably gained most from investors' increasing awareness of tax. Most of the most attractive shelters from tax available to British residents are in the life insurance or pensions areas.

Starting out from this base, insurance brokers at the top end of the market are branching ont into accepting a more general responsibility for a client's money. A good insurance broker can be expected these days, fnr instance, to be disinterested enough to make sure a client bas his full allotment of National Savings Certificates where tbese are an appropriate investment (though they are one wbich will pay no commission).

The expansion of insurance brokers into tax planning bas been going on for years but the process bas probably been hastened recently by the establishment of the British Insurance Brokers' Association, which is committed to raising professional standards. Evidence of bow far insurance brokers bave gone in gaining acceptance for the idea that they have a profession to rank with stockbroking, accounting and the law is in the trend towards charging fees for their advice—rather than relying solely on commissions from policies tbey sell the client.

The traditional role of stockbrokers in personal financial planning is as experts on equities, which remain the cornerstone of any investment strategy aimed at preserving the real value of capital. In these tax-conscious days, however, just buying and selling shares on a client's behalf is no longer enough. Among major stockbroking firms which now have well-developed life insurance departments are Grieveson Grant — which launched its insurance broking subsidiary five years ago—Philips and Drew, Laing and Cruickshank, Sheppards and Chase and Hoare Govett.

Between them stockbrokers now offer advice in almost every conceivable area of financial planning. Firms like Halliday, Simpson can help if you are buying gold coins. W. I. Carr and Philips and Drew can help with commodity Investment, Sheppards and Chase and Hoare Govett with fine art, antiques and stamps.

Most stockbrokers with well-established private client departments offer belp with tax returns, particularly on dividend receipts and capital gains tax. In addition, many stockbrnkers bave linked with insurance companies like Lloyd's Life, Schroder Life and Target to sell "stockbroker bonds"—schemes in which a client's existing stock market investments are brought under the umbrella of an insurance arrangement to shelter them from income tax.

The big banks have within their organisations almost every service an investor needs—as well as traditional trust departments, which are still the leaders in executorship work, there are insurance hroking subsidiaries, unit trusts and tax consultancy operations and even life companies.

It has not, however, been all plain sailing for the banks. Because of their size, for instance, they have problems in marshalling their expertise effectively to provide customers with a coherent personal service. Conflict of interest is apparent in many of their activities — not an uncommon problem in the financial world and not insuperable—but banks because of their size and their large role in almost everyone's financial affairs are mnre likely to be criticised on this score than most.

Barclays learnt a painful lesson a few years ago when charity funds arising out of the Aberfan disaster were invested in a Barclays unit trust. When the unit prices plummeted in the 1974 crash, it hardly mattered that most competing unit trusts would have put in a similar performance: yet Barclays could easily have defused the public relations problem had the money been seen to have been invested at arm's length.

Bank managers are now noticeably more likely than a few years ago to recommend an independent unit trust group.

Banks have an even trickier problem with life insurance. A bank maoager may learn from a standing order that a customer is taking out an endowment policy—perhaps a non-profit one—with what he feels is an unsuitable insurance company. The customer might be far better off with a pension plan if he is self-employed; or his real need may not be for a savings-oriented policy but for the sort of life protection only available from term policies.

But if the bank manager points ont the mistake the customer is making and calls in the bank's insurance broking offshoot to provide an alternative deal he is open to a charge of competing unfairly with the independent insurance hroker. Even where an outside insurance broker is not involved, the bank insurance subsidiaries have to tread carefully. There have been accusations that bank managers, Godfather-style, push insurance to customers who, desperate for an overdraft, are in no position to resist.

Accountants and solicitors have traditionally had a clearer view of a client's overall financial position than other professionals — and in many cases they are still the best bet for advice on making a will and avoiding capital transfer tax. Professional rules have, however, restricted the extent to which they can become involved in the selling of insurance and investments, so they often farm out problems in these areas to insurance brokers and stockbrokers.

Merchant bankers have always prided themselves on baving most the disciplines needed for successful financial planning under one roof—their clients get the benefit not only of a cosmopolitan view of investing but should also have access to top quality legal and accounting advice. Fees range up to 1 per cent a year of funds under management.

The established professions involved in investment advice have been joined recently by a new one—"independent investment managers." At best these are rather like merchant bankers—without a bank. They aim to maximise the client's after-tax position primarily by investment performance but also by bringing in insurance and accounting advice where relevant.

They share with merchant banks the freedom to cross professional frontiers in providing a comprehensive service. They have an advantage in that they are not hamstrung in the way merchant banks sometimes are by conflict of interest—a big merchant bank has connections with many of the companies whose shares its investment department deal in or would like to deal in.

The problem for the public is that it is difficult to check on the credentials of this new professional group. Few of the firms in this field have been in business for more than a decade so there is no long-term reputation to live up to.

In a bid to enhance the standing of the profession several firms in the field have now banded together in the Association of Independent Investment Managers, founded by investment counsellor Anthony Wieler and run from his office in Widegate Street, London, E1.

Another expanding field in recent years has been offshore funds for overseas investors and British expatriates. It is uncharted terrain for most investors and there are no overall authorities to keep an eye on ethical standards. Luckily, many of the names in the field are already well-known with well-established reputations, among them M and G, Save and Prosper, Kleinwort Benson, GT, Hill Samuel and Unicorn. Even so, it is an area where the quality of advice you get matters more than in most and it is clearly one where investment counsellors need to do more work.

Many doors open to the wealthy client . . .

WINDFALLS FROM the football pools, golden handshakes and even redundancy payouts make for a richer than ever variety of well-off private investors.

But whatever the origins of their wealth, those with a healthy five- or six-figure "fortune" all require one important commodity—advice. For someone with plenty of capital to invest—today such a person probably needs by most definitions at least £20,000—help of this nature has seldom been in short supply.

With professional fees often based on the size of a portfolio, the more valuable its content the more lucrative the exercise for the adviser whose hand by proxy is on the steering wheel. The big difficulty for the investor, is of course, to decide where and in whom to place his (or her) trust.

Merchant banks represent one of the traditional havens for the individual who wants somebody else to look after his or her private capital. Usually the bank asks for discretionary powers, which means that its portfolio managers can switch investments as and when they see fit, without the prior consent of the client.

For this service the client can be charged an annual management fee in the region of 0.5 to 0.8 per cent of the portfolio if this is below £50,000. Above £50,000 it begins to become cheaper, while above £100,000 fees are generally worked out on a sliding scale or alternatively become a matter for negotiation.

A service like this generally involves a preliminary meeting during which individual requirements are discussed and an overall strategy drawn up. Regular progress bulletins are provided while the customer is freed from the day-to-day worry of proxy cards, rights issues and takeover battles.

The starting point for a merchant bank depends on which one is chosen. Hill Samuel, for example, says it will provide individual portfolio management upwards of about £25,000: for some banks the figure is much higher.

Portfolios of private clients represent only a small part of the money managed by the City of London accepting houses, which in total amounts to well over £10m. Obviously it is impossible to evaluate the success of this service which, although perhaps more costly than other forms of advice, derives much of its character from the solid respectability of some of the famous merchant banks.

Many stockbroking firms in the last few years appear to have improved and enlarged their facilities for the small investor. But services for the larger client, either on a discretionary or advisory (i.e., where the client must be consulted before each move) basis, have a much longer history.

The range of possible facilities is meanwhile enormous and the approach and style of different firms vary tremendously. Some, for instance, have greatly expanded their private client side providing customers with continuous computer-based portfolio reviews and as a result significantly widening their client base.

Other firms appear more pedestrian by comparison, producing less regular reports with less sophisticated or thorough back-up resources. On the other hand, particularly outside London, clients may well receive a more personal service. It is really a case of "you pays your money . . ."

In fact payment in the case of a stockbroker advisory service is usually concealed in the commissions which the firm earns on each share transaction, although some do charge for valuations, often according to the number of holdings in a portfolio. Some indeed have introduced an annual management fee specifically for the services provided. These now include personal financial planning, either in-house or through other financial advisers, international investment, life assurance plans, pension advice and particularly important for the large investor, tax information.

In the insurance world, many brokers, particularly at the local level, provide an advisory service for the smaller investor. This is seldom used by the larger investor but one life office, Trident Life, has developed a personal advisory service for anyone holding more than £20,000 in the company's own bonds or unit trusts. Set up about three years ago, the service is free and has now attracted about 30 clients.

At the outset Trident offers a complete review of the individual's resources and sets out his or her investment objectives. Every three months the client receives a portfolio valuation showing how the investments have performed, together with comments on both current market trends and likely developments. The service is strictly not discretionary, but Trident, although insistent that the advice is objective, clearly hopes clients will choose the company's funds, which cover a wide range of specialist investments.

Attractive

Advisers like merchant bankers, stockbrokers and insurance companies or brokers, are attractive because of their close day-to-day contact with the investment field. But at times they are bound to be biased, however unwittingly, towards for example their own unit trusts.

This is where financial planning companies representatives of a fairly young but growing industry, claim to have a valuable independent role to play. Some companies date back to World War II but many are of more recent origins. In 1976 17 of them grouped together to form the Association of Independent Investment Managers (AIIM).

There are of course companies outside those in the Association, and the latter's impact so far may be smaller than its forerunners the Unit Trust Association and the Association of Investment Trust Companies. The AIIM however has a code of conduct for its members which in some way helps to protect clients.

Independent accounts, for instance, have to be supplied to a reputable third party; most companies use the securities departments of the major clearing banks. Clients are given special capital and income accounts, while stock and cash are held strictly to the order of the client and not the management company. Moreover, as with merchant banks, fees are based on the value of a portfolio which gives the manager an identity of interest with his client. This code of conduct, of course, is no watertight guarantee for investors but at least it affords some protection.

The real appeal of financial planning companies, however, is that they are not insurance bond salesmen or stockbrokers working on commission with a vested interest in putting money into a particular sector. The drawback is that they may not always have the in-house expertise.

Whereas the smaller investor is often forced to settle for the anonymity of a unit trust, the larger customer can usually justify some form of individual management where a merchant bank, stockbroker or specialised investment management company looks after an entire portfolio and provides advice right across the board.

Many large investors, however, may not wish active management of all their capital and one particular area where special discretionary management is developing is in the field of unit-linked life assurance bonds. Most companies now offer a facility to switch between a variety of investment funds, a concept which has become popular in view of the often minimal charges for the service and the absence of any capital gains tax liability when transferring from one fund to another.

It should of course be stressed that switches for their own sake can be dangerous and to be successful must be to the right fund at the right time. This requires considerable skill, not to say perspicacity.

Nevertheless last month's edition of the magazine Planned Savings reported that an increasing number of investors appear willing to pay for discretionary bond management, while the number of services in existence, stemming often from insurance brokers, has been increasing.

Fees mostly relate to the value of the bond and although most companies are not strict about a minimum investment a practical amount is often dictated by the minimum fees. For example, one of the highest minimum investments is required by Julian Gibbs Financial Services at £20,000 and the company's minimum fee is £200, making this a service appropriate only for the larger investor.

The scheme works through the issue of an authorisation which is deposited with the insurance company giving the adviser authority to switch on a client's behalf. This can be withdrawn at any time, although where fees are paid in advance some notice may be needed unless the fees are to be forfeited.

Relying on gossip at a cocktail party or the advice of the local bank manager is no longer appropriate.

Finding the right advice, however, is never easy. There is a wide range of options, some overlapping, but many suitable only for a certain type of investor. It is certainly well worth employing the services of someone to help draw up an investment strategy, if need be, balance the risks, and use tax concessions effectively. It is always well to remember, however, that advice can be expensive and brings with it no guarantee that the investor will be much better off, if at all, at the end of the day.

Tim Dickson

. . . but the small man is not neglected

IT HAS been fashionable for some years to complain that the small investor has been abandoned by stockbrokers, fleeced by insurance brokers preoccupied only with their own commissions, and shut out of the most lucrative investment markets where the professionals make their real gains.

At the risk of overstating the opposite case there seem grounds for saying that small investors have never had it so good—at least in terms of the advice and markets open and available to them.

One must begin, however, by recognising a fact of life. Just as those with income enough can employ a chauffeur on permanent standby while those further down the scale must drive their own cars, so the investor with relatively small sums to invest cannot expect personal and continuous attention to his affairs.

But as with transport there are always taxis when needed, so in the investment field there exists a wide range of facilities the smaller investor can call on.

The birth of the unit trust movement has been perhaps the greatest boon to investors whose resources are too slender to provide a balanced portfolio of individual shares. For as little as £250 the modest punter can plug into a professionally managed portfolio and share in the averaged out fortunes of a group of stocks which would otherwise be barred to him.

Furthermore, so established has the movement become as a vehicle for the small saver that it is beginning to have political clout along the lines of building societies and national savings schemes. So, for instance, the recent relaxation of capital gains tax levels has meant that even quite large unit trust flings are virtually free of capital gains tax.

The unit trust movement has now reached maturity, with its advertising claims policed, its managers vetted, its relative performance publicly and regularly monitored. Factors which offer an excellent safety net for non-professionals.

There is also a wide choice of businesses offering such trusts, from specialist management groups usually linked to the insurance industry to the in-house trusts operated by stockbrokers and merchant banks for their clients.

Nor are they restricted any longer solely to UK equities. The mixed fund, which balances equities, gilts and property investments, for instance, has been with us for a good while now.

The fashion for a worldwide investment profile has given rise to international funds where the managers switch the portfolio among the world's bourses as economics and investment climates strengthen or weaken against each other. Commodities are covered in the same way, as are other specialist fields such as agricultural land (one of the best performers in the unit trust field in the past year).

Investment in a unit trust, however, while it certainly minimises the downside risk of an individual investment, also evens out potentially exciting gains. And in any case the small investor may not be certain whether such a vehicle is the right home for the whole of his nest egg.

It is in the field of general investment advice that the small investor is better off than he once was.

In the past year or so the High Street banks have come alive to the fact that their clients need and want more than just a safe mattress under which to stash their money. They now offer what they describe as the "money doctor" service, on the analogy of family doctor.

Worthwhile

The "money doctor" will discuss the individual's complete financial affairs and advise on all aspects. To be sure, the advice may not be highly sophisticated—too often it consists in a recommendation to make out a will and increase one's life assurance cover. But in many cases that is just the sort of information that is worthwhile.

It is surprising, by the way, how many people outside the tax bands still keep their money in the building societies. As high as half of all savers in the movement fall within this category which explains the low level of composite tax payable. The "money doctor" is just the person to point this out to the small investor.

The banks have, in addition, been a traditional method of entry to the stock market for the occasional punter. They will buy and sell shares and gilt-edged stocks for clients (though not as speedily or advantageously as a stockbroker) but they tend to baulk when faced with a steady stream of stock market instructions.

Stockbrokers too have been rather maligned in recent years for ignoring the private investor. While it is true that very small orders or portfolios are not worth their handling, and investors with as much as £25,000 to invest will still not get the full service available to the big institutional clients, stockbrokers have not altogether turned their back on Aunt Aggie.

Many of them will accept quite small—and infrequent—orders: most have in-house unit trusts available. More important, many will give potential investors general financial advice and overall tax and investment planning services.

This is probably the most valuable service for the smaller investor who almost certainly needs a mix of building society and national savings investments, plus life assurance for the bulk of his funds, with a top-up from, say, a carefully chosen gilt to match his personal requirements.

Concentrate

It is now possible for investors to get such advice from a number of professional sources. We have mentioned stockbrokers as providing such a planned programme. Individual accountants who specialise in financial planning are also becoming more common and—an important factor—concentrate on relating investments to taxation planning.

Insurance brokers are also increasing their services in this field, largely because of demand from their clients to whom all too often the broker is the only financial specialist personally known.

Until quite recently the advice of an insurance broker had necessarily to be treated with suspicion because the structure of commission payments often meant that his self-interest conflicted with the best interests of the clients. But the commission rates have now been sorted out and insurance brokers now have an incentive to tailor packages for their clients' needs.

The growth of the broking field has also given rise to substantial firms who offer a wide range of financial planning services including pension schemes (or top-ups) devised around investment portfolios.

The quality of the advice offered by such professional firms—accountants, insurance brokers and the like—obviously varies widely and there is no guarantee that all of it will be sound. But that is a fact of life. The punter is, after all, a risk taker and the ultimate responsibility rests with him.

However, there are in most cases professional associations to which the properly conducted firms are affiliated and which vet members' ethics and business practice. It seems hardly necessary to recommend that investors choose their advisers from the ranks of those with such affiliations—except that so many tend to forget this essential priority.

Within the stock market, the self-regulatory powers of the Stock Exchange Council and its committees are continuously and stringently used to ensure that stockbrokers act solely and always for the benefit of their clients.

In short, there is a considerable amount of advice available to the small investor and his ability to enter even the more esoteric media (such as commodities) is greater than it has ever been. Finding the advice and determining its value, however, is finally a matter of personal judgment.

Christine Moir

Skill at tax saving

THERE ARE two essential factors needed in designing a savings scheme. The investment funds involved must be good and the plan must be tax-efficient. Of the two, tax efficiency is by far the more important. It is the net return to the investor that matters, not the doubled figured gross yields that tend to get advertised.

The tax planners bave used a variety of investment media to back their ingenious schemes. One by one, the Inland Revenue has stopped each scheme devised in the apparently never-ending battle of wits between it and the planners. Now the tax planners have fallen back on those savings media where the Revenue has provided ample tax concessions—life assurance and pensions.

The Revenue bas been generous to an extreme in the tax privileges conferred on pension schemes. The contributiona paid by both the member and the company qualify for full tax relief. The investment is made into tax-exempt funds. The lump sum death-in-service benefit is free of Capital Transfer Tax. The pension is taxed as earned Income, and part of that pension can be commuted for a completely tax-free lump sum. What a wide range of concessions for the tax planners to work on!

Denied

But until the Social Security Act 1973 became law, these concessions were denied to controlling directors. Until then they were regarded as self-employed and the company could not contribute towards pension scheme benefits. The tax planners also tended to ignore this field, because the benefits are deferred. Pensions are long-term benefits and investors want quick results. In addition, pension schemes are efficient vehicles for investing income, but more of a problem for capital. And it is for capital purposes rather than income that the planners get consulted.

But once the tax planners had entered this field, they quickly devised schemes making full use of the potentialities that the life companies had been unable to use. Top hat schemes for executives have been around for decades. But the life companies had confined their product design to one aim — to provide a pension.

The linked-life companies realised that the pension benefit is the least important concession for executive schemes. The tax-free lump sums are much more valuable to investors, especially the family controlled company where the directors, in general, do not retire but remain on the payroll until they die.

Executive pension schemes have been a thriving market for life companies over the past few years. Sales have soared as more executives have come to appreciate the fringe benefits provided by pension schemes. Each successive plan produced has refined the benefits provided by the existing market.

There is now a wide choice of plans — traditional with-profits, unit-linked, building society-linked — and a host of advisers are prepared to offer their services to company executives (the commission rates are somewhat generous).

But even these life company schemes are not making the maximum use of the concessions for private, family controlled schemes. The in-house captive executive pension scheme can confer even better efficiency. The development of the company can be financed through the pension scheme. The ownership of the company can be transferred partially from direct shareholding to the trustees of the pension scheme—effectively the same persons. Over the past year or so the number of small in-house schemes established has mushroomed.

Now the Revenue *is* in the process of revising its requirements for such schemes to ensure that the concessions are not abused. The schemes will not be able to be used, for instance, to buy houses for directors to rent at peppercorn rates. The degree of self-investment will be controlled and monitored to ensure that it is at arm's length.

But even so, the executive pension scheme will remain the most tax-efficient investment vehicle for many investors and the bedrock of many tax planning schemes.

However, there are many investors who are not eligible to be members of pension schemes—or they have capital that they wish to invest efficiently. The tax planners are now thoroughly exploring the possibilities of life assurance, a field overlooked in the past.

Much has been written about the tax relief on life assurance regular premiums. But much more important is the tax treatment of the ultimate benefits. On regular premium plans these are free of higher rate and capital gains tax if at least a certain period has elapsed. Much has been written about bond investment. Regular savings plans can be much more efficient, yet much less has been written about them.

The first advantage of investment in life assurance, common to both bonds and regular savings, is that the underlying funds are taxed favourably. Life companies pay tax at 37½ per cent instead of corporation tax—a concession going back to World War II. Thus an investor in a life company has the investment income rolled-up at a more favourable rate than through holding the investments direct. This advantage has been used by some life companies in offering a personised bond where the investor is the only holder of the bond and controls his own investments.

Under a single premium holding, the ultimate profit, calculated on the top slice principle, is subject to higher rate tax. But there is a withdrawal facility which enables the investor to make withdrawals up to 5 per cent of his investment each year, without paying tax at the time. The tax liability is deferred until the bond is ultimately cashed in.

Some advisers have concentrated very heavily on *bond investment* when unit trusts might be better, and tend airly to dismiss the ultimate tax liability with the rather glib statement that the bond can be cashed-in at a time when the investor has a favourable tax status. That time may never come and investors need to examine the situation thoroughly.

With regular premium contracts, not only does the investor get tax relief on his premiums provided the policy is written in the correct form, he can cash-in the policy after only 7½ years for a tax-free lump sum. By holding a series of policies, a succession of cash-ins will provide tax-free income. All that is necessary is that the policies are written as 10-year contracts with options to continue thereafter. But again the investor has to wait for his return. Earlier cash-in will result in a higher rate liability.

It is quite a straightforward operation to convert a capital sum into a series of regular payments in a tax-efficient manner. The use of low coupon gilts provides an ideal investment vehicle for this.

The need is for flexibility regarding the investment term, hence linked-life contracts are more suitable than traditional with-profit policies. The conventional life companies have marketed regular savings plans for generations without really appreciating their tax planning potential. These companies were brought up in the tradition of a special relatonship with the Revenue not to abuse the favoured tax concessions.

That spirit seems to have disappeared with the 1968 Finance Act which set out the rules for tax qualifications. The tax planners have gone through that Act with a fine toothcomb and have produced some ingenious schemes that make maximum use of those rules. The Revenue should know all about them, since under the Act it has to approve the plans for qualification. But is claims that if a plan is submitted that conforms with the condtions of the Act, it cannto withhold approval.

Principles

Some companies however, have gone well beyond the moral principles enshrined in the Act, though still keeping within the present law. Indeed they claim that there are no moral principles. They have resorted to artificial means of using the tax concessions, meant to be applied over the long term (ten-year period) to provide benefits. Now some yields on guaranteed income bonds are being boosted by tax reliefs using guaranteed surrender values.

The Chancellor in last year's Budget, warned about the importance of authorities over tax avoidance schemes. But some life companies are deliberately ignoring that warning, seeking short-term gains heedless of the long-term consequences to the life assurance industry. The concern of the other life companies was summed up by Mr. Peter Sharman in October, when as chairman of the Life Offices Association he warned that continuing exploitation of tax savings would give further ammunition to those who wished to *abolish* tax relief. Such a move could finish life assurance as a savings media.

Eric Short

Pension fund management

THE SOCIAL Security Pensions Act 1975, which introduced the new State pension scheme that will provide earnings-related pensions for everyone, gave employers a choice. Either they established their own pension scheme for employees, or they went into the State scheme. In the event well over 20,000 employers, large, medium and small, preferred to run their own scheme in preference to leaving it to the Government. Thereby they entered the realm of fund management.

The system of financing occupational pension schemes in Britain is that they should be fully funded. The contributions are paid now in respect of the liability incurred to date. Whether this system is the best is another question. But the acceptance of a fully funded system does impose certain conditions on the investment of those contributions.

Since pensions are now linked to final salary, or average salary revalued in line with earnings, the pension liabilities rise each year in line with salary inflation. The contributions paid now have to be invested to meet that future inflation liability. So the assets held should show a return that matches inflation. The investment policy therefore will be concentrated primarily on equities and property, with fixed-interest playing a minor role. The best mix of equities, property and fixed-interest is a major investment decision that faces the trustees of pension schemes.

It is a decision that the trustees have to make all the time. Pension funds are growing rapidly both with inflation and with the build-up in liabilities. There is a constant stream of new money that requires investing as well as the need to monitor the existing portfolio. The decision as to the best mix of investments is one which the trustees have to regularly face and act on.

Fortunately, there is no shortage of investment advisers—quite the reverse. Pension funds are now big investment business, with assets well over £20bn growing by £4bn-£5bn a year. Every financial institution, large, medium and small, is now offering its services to the trustees of pension funds.

Trustees can always opt out of the investment decision responsibility by having an insured scheme. This automatically puts the investment in the hands of the life company chosen, with investment made into a central fund. But more trustees want to be involved in the decision process and want to identify their own investments. The growing involvement of members and trade unions is accelerating this process.

Decades

The merchant banks — including the merchant banking arms of the clearing banks — and stockbrokers have been managing pension fund investments for decades. The merchant banks have tended to operate among the larger funds and the stockbrokers with the medium and smaller funds. The merchant banks were able to offer a complete investment service, including direct property holdings, which only the larger funds could justify. The stockbrokers kept to equity and fixed-interest holdings which met the requirements of the smaller funds. Property investment was made via property shares.

The original objective of these services was a personal one to each fund on an individual basis with each fund having a separate and identifiable portfolio. The merchant banks or stockbrokers were usually given complete discretion by the trustees for the investment management, both in the overall strategy and in the selection of investments. The managers met the trustees regularly, usually once a year, to report on progress and discuss future policy.

But as pension funds grew in size, other financial institutions started to offer their services. The demand for trustees to identify their own investment portfolio led to life companies adopting the unitised pension fund approach, introduced by certain unit trust groups in order to offer an equity or property investment fund for pension schemes.

This approach represents a halfway house between fully segregated funds being managed individually and the insured investment in a common fund. The fund is managed by the life company, which decides on the investment policy. The pension scheme invests its assets by buying units in the fund. This is very much akin to an individual investing in a unit trust. But the funds operate on a tax-exempt basis, thereby retaining the tax advantages enjoyed by pension schemes.

In this way the pension fund can identify itself simply by valuing the units held. Since the charges are fixed and specific, the benefit of the investment performance accrues directly to the pension scheme. There is no actuarial valuation in between as with an insured scheme. The pension fund also carries the burden of a fall in the market.

By offering three separate funds covering equities, property and fixed-interest, the trustees can decide on the mix of investment media and vary the proportions simply by varying the number of units purchased in each fund. Thus the trustee is involved in the overall strategy with the life company handling the day-to-day routine investment decisions.

The property fund offers trustees a convenient means of direct property investment for those funds not large enough to justify the expense of setting up a department to handle and administer actual involvement in property investment.

Extended

The property unit trust groups, including those run by some merchant banks, have offered this investment service for years. Now the life companies have extended the range of property funds available to trustees. This service enables stockbrokers to provide a complete investment service.

Thus the managed fund concept has enabled the life companies to expand their investment services to pension funds. The growth in business has forced the merchant banks to depart from a completely segregated fund approach and operate a managed fund system for at least their smaller clients. It is an expensive operation handling effectively a series of small portfolios. It is easier and cheaper to manage a central fund.

Some life companies are prepared to run a segregated portfolio service for their major clients. One life company in particular, Clerical Medical and General Life Assurance, took this personal route instead of the managed fund approach.

Not only has the company shown an above average performance for its clients, but by taking this route the trustees are still very much involved personally in the decision making.

The life companies have recognised this need to keep trustees informed on what is being done with their members' money. The days of lofty paternalism are disappearing. Regular meetings with trustees are now part and parcel of an investment manager's routine, even in those cases where the trustees have opted to leave everything to the life company by investing in a mixed fund.

But some trustees still like to be fully involved and the unit trust groups are moving into this gap left by other institutions. They are offering a personalised investment service using their expertise in handling smaller funds.

The unit trust groups were rather late into this field and in general are not attempting to compete head-on with the larger institutions. Life companies and merchant banks can offer a complete pensions service—actuarial, administration and Revenue negotiations—which the unit trusts could not match. So they are endeavouring to fill the gaps left by others.

One such means is by offering specialised investment exempt funds. Allied Hambro, for instance, has managed successfully a smaller companies fund for pension schemes. This is a field in which the major investment trust groups are also able to offer their specialist investment skills to pension funds. Foreign and Colonial's Japan Exempt Fund was the top managed fund performer last year.

There is no shortage of investment services for pension funds. The problem for the trustees and employers is to decide which to use.

Eric Short

Personal pensions

PERSONAL PENSION plans are a uniquely good way for anyone not covered by a company pension scheme to save for retirement. But they remain the cinderella of the savings world.

Until recently insurance brokers hardly mentioned personal pension plans because the commission was so much less than on endowment policies. Now that commissions have been improved brokers have started spelling out the attractions of pensions over other savings methods—but they are concentrating almost solely on the 2m self-employed. Yet about 7m employed people who depend on the new State scheme for all their earnings-related pension benefits are entitled to take out pension plans on the same terms as the self-employed.

To the extent that this market is tapped at all, the products the salesmen promote are unit-linked insurance plans or straight endowment policies. And even among the self-employed, endowment policies are often sold in preference to pensions.

On almost every set of assumptions about tax, inflation and bonuses, personal pension plans come out better than endowments. Pension-oriented saving has got to do better because it builds up in a fund that is completely free of income tax and capital gains tax—about the only tax pension funds pay is development land tax.

Endowment policies by contrast are invested in funds which are subject to tax of 37½ per cent on income and 30 per cent on capital gains—in each case, higher tax rates than the typical saver would have to pay if he were investing direct.

The effect that the respective tax position of endowment and pension funds has over the years is devastating. A pound invested in a fixed interest security paying 10 per cent a year should build up to £45 in 40 years if no tax is deducted along the way. If it is taxed at the endowment fund income tax rate, however, it will build up to only £11—less than a quarter.

Qualify

Pension-oriented saving has the additional advantage that your contributions qualify for full tax relief at your top tax rate. Endowment premiums qualify for a tax subsidy of only 17½p in the £.

The main disadvantage of saving through the pension route is that you usually cannot get at your money until retirement—you cannot even borrow against the value of your pension right, let alone take a surrender value.

Another snag is that only about a quarter of the capital accumulated for you in a pension plan fund comes as a tax-free lump sum when you retire. The rest must be paid as pension which, of course, is taxable. This is not, however, a major problem because you should be paying less tax in retirement than during your working life.

In any case, the tax-free lump sum that you would get if you saved instead through an endowment policy would have to be invested unless you have an immediate use for all the capital; the investment income would be liable not only to normal income tax but also perhaps to investment income surcharge (which is not levied on pensions).

Despite the big increase in commission a few years ago, pension plans remain a somewhat unsatisfactory product as far as brokers are concerned. The problem is that the contract that would suit most clients—single premium plans—pays little commission.

Regular premium plans in which the client commits himself to contributing for the rest of his working life are much more lucrative for salesmen. The problem of regular premium plans for the client is that he can never be sure he will be able to continue paying the premiums. The self-employed not only have to consider the possibility that

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Husbanding the estate

ACCUMULATING A fortune in the course of a lifetime is a difficult enough task in itself. Ensuring that the benefits of the struggle are passed to family and friends has become for many accountants and lawyers the method by which they create a capital transfer problem of their own.

The industry is booming. Solicitors once had a stranglehold on estate planning but the advent of Capital Transfer Tax (CTT) widened the field, so that nowadays accountants, insurance brokers and financial advisers are all in the field.

Introduced under the 1975 Finance Act the CTT system replaced the old estate duty system and is designed to levy a tax whenever capital changes hands. It is a cumulative tax, adding up all the chargeable gifts received during a lifetime, throwing in the accumulated net worth and then taxing the lot at a rate which increases as the pile increases.

The aim of the game is therefore to give as much as possible in the form of gifts that are not chargeable and hence do not start or add to the cumulative process. The solicitors, accountants, insurance brokers, and other advisers are merely there to advise on what to give, how to give it, when to give it and in some cases where to give it.

Bevy

As a person's tax history starts at birth (or March 24, 1974, the date the tax became effective) and continues until death the bevy of advisers insist that it is necessary to start planning disposals as soon as the pile start to accumulate as valuable exemptions will otherwise be lost.

It is not tax avoidance, in the old sense of the word. In April last year Mr. Healey, the Chancellor, savagely mauled the tax avoidance industry by retrospectively closing the "commodity straddling" loophole. While that was essentially a Capital Gains Tax avoidance device it did send shivers down the spine of the industry as a whole. Two CTT avoidance schemes were ended at the same time.

One was described as a device for "avoiding the CTT charges on discretionary trusts" while the other was an insurance scheme which appeared to use life assurance policies to obtain a tax-free annual income for an individual while at the same time reducing his estate for CTT purposes.

But what the Chancellor aimed at stopping was the "catch-as-catch-can" game played by advisers and legislators. Under this system the advisers would come up with an avoidance scheme and quietly push it out to clients: word would get around about the device and eventually get to the ears of officialdom. They would legislate to end the scheme and the game would begin again. Because they did not legislate retrospectively all those already through the loophole stayed through.

It is possible, with foresight, good advice and planning to take advantage of exemptions under the CTT scheme to whittle away quietly the lifetime pile of most UK taxpayers without actually incurring the Chancellor's displeasure.

But the CTT legislation is complicated and it does require advice, either from a professional or from one of the plethora of books on the subject in order to take advantage of these exemptions. If advice is required over a long term there is a possibility of fees for a professional adviser.

The changeover also gave birth to many paperback guides for laymen. Under the old estate duty system the State was only concerned about the net wealth of a person at death and with the lifetime gifts made by him in the preceding seven years. The lifetime fortune accumulator could afford to ignore estate duty for the bulk of his life—and then sit down and consider it, closetted with his professional advisers, at his leisure in retirement. Provided he endured retirement long enough for the schemes to work there was no real problem.

The paperbacks, like a tourist or good food guide, provided an insight into the new system but detailed planning does require the assistance of advisers if the amounts involved are significant.

The problem is the little traps along the way. Marriage, for example, is an opportunity for large savings if handled skilfully: £5,000 free of tax can be given by each parent, £2,500 by each grandparent and £1,000 by other people.

It also provides one of the most important exemptions, in that transfers between spouses, whether during life or on death, are completely tax-free as long as the receiving spouse is domiciled in the UK.

But it should be noted that if a couple are buying a house jointly before marriage with money provided substantially by just one of them this will be a taxable transfer unless it is made by way of a loan, which can be forgiven without giving rise to any tax consequences when the couple are married.

Care should also be taken when making gifts. A gift of an asset might be less sensible than a gift of money as such a transfer might give rise to a capital gains liability as well as a CTT. The order in which gifts are given can also change the incidence of taxation, and attention needs to be given to the question of who pays the tax.

For instance, a gift of £5,000 is liable to be taxed at a rate of 50 per cent will be grossed up and treated as a gift of £10,000 tax paid if the donor pays the tax. However, if the recipient pays the tax on the gift it will not be grossed up and he will only be liable for £2,500. Whoever pays the tax, it will be determined by the top slice of the donor's cumulative total of transfers.

To complicate the picture further for even the well-read layman, if the person receiving the money makes himself liable for the tax he should ask his benefactor what the rate applying to it will be. He should do this even where the donor pays the tax if there seems any likelihood of his dying within three years, as in this case the person receiving the money will then be liable to pay the excess between lifetime and death time rates.

Thus it is little wonder that there has been a growth in the number of solicitors, accountants, insurance brokers and financial advisers scouring the Finance Act, the growing body of literature surrounding it and the precedents established in order to provide a service to a rather bewildered layman.

Exile

The industry has also grown because old schemes have been severely hit and because it is possible to seek out parts of the globe where different laws apply and become, for all intents and purposes, a tax exile. The CTT legislation is almost child's play compared with the complexities of steering a lifetime's wealth out of the UK and into a relatively safe offshore haven.

Trusts, for example, used to be an extremely popular method of tax avoidance. They can be set up during lifetime or at death by a simple declaration of trust, or, more usually, by executing a trust instrument. The main benefit was that it gave someone the use of the money but not the ultimate control over it.

But under CTT disposals both into and out of trusts are subject to a charge. The discretionary trust, once the most popular of the genre, is now subject to a periodic charge where no distribution is made so that no tax is saved by keeping the fund intact.

There are cases when a trust can be used to advantage and these are recognised by the CTT system. An accumulation trust, for example, is still an excellent way of providing for a young family. Where there is a specific beneficiary, the trust is ignored and he is treated for CTT purposes as the owner of the whole fund, which will be taxed at his marginal rate if he transfers his interest, or could be added to his estate for the purposes of assessing the rate applicable to it on his death.

The problem for the lifetime wealth accumulator is that each transaction during the course of his lifetime exposes him to not just a potential CTT charge but also a capital gains charge and, possibly, an income tax charge.

The advisers, in their growing numbers, are only too willing to assist him to keep as much as possible of the rewards of the transaction within the private sector. As a number have pointed out, fees paid for advice are paid to individuals and firms within the private sector. In most cases the fees paid are also subsidised by the public sector in that they can usually be regarded as expenses associated with the transaction.

So the industry's future looks assured. So long as the legislators keep drawing up more rules, more advisers will be needed to find ways through them or around them. So long as there are advisers finding passages through legislation or around it, the legislators will be making new rules to patch up the system.

The only thing that can stop the seemingly endless cycle is a shortage of wealth or people striving to accumulate wealth. If people decide that they are better of simply tucking funds away in pension funds and insurance policies and letting their children do the same the booming wealth advice industry could suffer a nasty setback.

Terry Ogg

The expatriate's needs

THE EXPATRIATE, working abroad, is receiving a much bigger salary and paying much lower taxes than for a similar job in Britain. In many cases there is very little for him to spend his money on. But if he invests back in the UK savings market, he will be penalised just as if he were domiciled in the UK. For an expatriate there is a variety of tax-efficient savings opportunities open to him if only he were aware of their existence and of how to use them.

There lies the rub. The expatriate has little or no knowledge of these schemes and little or no contact with the experts who can guide him through the intricacies of investing from abroad. There is also little opportunity for finding out. But now the savings potential of the expatriate has at last been appreciated and the investment services industry is now, perhaps belatedly, attempting to tap this market.

How does the expatriate go about saving in a tax-efficient manner—one that will not involve a lot of time and trouble? The most straightforward method is by investing in an offshore fund. These funds, under trust, operate on principles similar to authorised unit trusts in Britain. The investor buys units when he is saving and cashes them in when he wants to realise his investment.

If an expatriate is resident abroad for a year, he can apply to be treated as non-domiciled in the UK for tax purposes. This means that he can invest in sterling funds exempt from UK income tax and capital gains tax. If he is away for at least three years he then becomes non-resident for exchange control purposes and can invest in non-sterling funds such as U.S. dollars and Deutsche Marks.

The various funds available are known as offshore funds, the name describing their location—offshore from Britain. The Channel Islands are the most popular for the establishment of such funds. Other places are the Isle of Man, the Bahamas, Bermuda and Luxemburg. By operating from these islands or countries, the funds can invest free of tax in a variety of currency denominations.

The offshore fund business, like most investment funds, has grown from simple beginnings to quite complex operations. Initially, certain unit trust groups set up offshore funds on lines similar to their UK unit trusts. These then developed into funds for investing in U.S. equities and then the role widened to invest in fixed-interest securities. Now there are funds investing in Eurobonds, Eurodollars and UK fixed-interest as well as equity funds.

Again the types of plans have become more sophisticated. Originally it was simply lump sum investment on the lines of unit trusts. Then plans for regular investment were introduced and this was followed by the linking with life assurance benefits. As the needs of expatriate investment became known, a series of plans were put on the market designed to meet the varying needs of investors.

The last range of plans from the Quest Fund, a consortium arrangement from Bowring and Laybourne, Royal Trust Company of Canada and the Electra Group, illustrates how complex this market has become. There is a single premium life assurance bond, a ten-year-plus regular savings plan and a one-month plus plan.

The first is just a straightforward lump sum investment to meet the needs of the expatriate who has accumulated cash in his bank account. The second is for the long-term expatriate who wants to have the habit and discipline of regular savings in order to accumulate a sizeable capital sum. The plan is effectively open-ended because some expatriates have no very clear idea as to how long they will be overseas. The third plan is a series of bonds that can be taken out at monthly intervals or less. This meets the needs of investors who want to make regular investment but do not want to be tied down in advance.

Investment under these plans can be made into three funds—as sterling fixed-interest, an international bond and an international securities, two fixed-interest funds and an equity fund.

Comprehensive plans and investment funds are also offered by Phoenix International, a member of the Phoenix Assurance Group and Unilife Assurance (overseas), the offshoot of a Luxembourg company based in Bermuda. Save and Prosper Group has recently launched a regular flexible savings plan for expatriates.

Assuming that the expatriate understands the advantages of saving while overseas and has accumulated a tidy sum, what happens when he returns to the cold climes of the UK? When he takes up permanent residence in the UK again he obviously becomes subject to UK exchange control and taxation regulations. What options has the expatriate when he is back home again after his wanderings?

If the plans are written correctly, the investor should be able to obtain Bank of England approval to continue paying premiums in U.S. dollars without having to buy those dollars through the pool. Again, the regular savings plans have been designed to obtain "qualifying" status so that all gains on the policy can be taken without incurring any personal tax liability in the UK. But investors need to check carefully the exact conditions for this qualification.

Indeed the whole question of the timing of cash-in of units needs careful consideration. It is usually tax-efficient if the investor is going to need his money on return to the UK—for example, buying a house. He should then cash in his units before returning to the UK.

The need for expert guidance should be obvious. But where does the investor go to get this advice. The whole position of offshore funds is very sensitive. The funds themselves, being unauthorised unit trusts are not allowed to advertise. The investment advisers also seem to be surrounded by this cloak of secrecy. The investor going to work abroad should seek advice before he goes.

Often he will be virtually uncontactable once he has left these shores. The experts apparently rely on clients being put in touch with them through a third party and it is taken on from there. So far as can be ascertained, the advice is on a non-discretionary basis—i.e., the investor will be advised what action to take. But he has to give his approval or make his choice from a number of options.

One may well question the need for all this secrecy. The expatriate has now become acceptable as a valuable contributor to overseas earnings. In trying to protect the investor by banning advertisement, the authorities may well have done the investor a great disservice when the intention has in fact been to protect him. The rules have created an information gap, so that the investor accepts the first plan put up to him. A knowledge of the various plans on the market can give the investor the opportunity to make comparisons and avoid the less favourable plans.

E.S.

Personal

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because of had trading they will not have the money but also that they may cease to be self-employed (as a result of a takeover, for instance, or a change in company law) and so have to stop their contributions prematurely.

Regular premium arrangements are even less suitable for employed people who want a personal pension plan to make up, for the lack of a company pension. The point is that an employer may bring in a company scheme at any time—or the worker may move to another employer who already has a company scheme.

When a saver has to cease contributing prematurely he usually has to accept a paid-up pension. Sometimes the arrangement is that the pension you eventually get will be scaled down in proportion to the number of years of the planned term in which contributions will not now be paid.

If, for instance, you stop halfway through the term, you will have to accept just half the pension you would have had with full contributions. This is unfair because the early premiums of a regular contract buy a much bigger proportion of the total promised pension than the later ones.

Loading

Even with companies which aim to give fairer paid-up values, someone who has to drop out early from a regular plan will find in most cases he will not do so well. The reason is commission: in most cases a salesman gets 25 per cent of the first two years' premiums and companies must take account of this heavy front-end loading in calculating paid-up values.

With single premiums, each contribution buys a separate slice of pension and your entitlement is in no way affected if in future years you stop contributing or switch to another company. The problem for brokers is that the commission is only 3 per cent of each contribution—so the client will have to contribute for 17 years before the broker makes as much commission as from a regular contract.

Single premium contracts qualify for tax benefits on the same basis as regular premium plans.

Among companies which are projecting good values for single premium plans are the Prudential, Equitable Life, Scottish Equitable, Clerical, Medical and General and National Mutual.

Eamonn Fingleton

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Steel recovery boosts BHP

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA's largest company, the Broken Hill Proprietary Company yesterday reported an impressive 123 per cent profit recovery to A$86.6m (U.S.$98.4m) in the six months to November 30. As expected, the widely-diversified group benefited from higher oil prices for its share of Bass Strait oil production, but the real star over the last six months turned out to be its ailing steelmaking division, which recovered from a A$31.19m deficit to a A$7.67m profit.

The performance of the steel division is tempered by BHP's use of its own internal inflation accounting system—fixed asset value adjustment (FAVA)—which if discounted would have seen the group post an overall profit rise from A$110.04m to A$160.67m.

Total group sales rose by 17 per cent from A$1.21bn to A$1.42bn (U.S.$1.61bn). The factors aiding earnings were the benefit of substantial tax savings from government allowances which enabled the group to keep the tax increase to 33 per cent at A$122.4m, a slightly lower fixed asset utilisation charge of A$139.25m including FAVA of A$71m and a 38 per cent drop in minority interests at A$2.86m.

As previously reported the interim dividend has been raised from 14.5 cents to 15.5 cents a share, which is easily covered by earnings of 32.9 cents against 17.5 cents last time. On a pre-FAVA basis earnings come out at 71.3 cents a share against 47.6 cents.

Commenting on the steel division's performance, the directors said that the period saw an improved growth in Australian orders for steel and order figures rose substantially from the severely depressed level of demand in the corresponding period last year. They attributed this to stimulus from the federal government's investment allowance, while on the export front the lower value of the Australian dollar enabled the group to fill 41 per cent of the sales hook with export orders.

The contribution from the group's oil and gas division rose from A$54m to A$66.49m as BHP shared in a government scheme to introduce world parity prices to producers in six monthly steps. The amount of crude being sold on this basis rose from 19 per cent to 26 per cent during the period.

The only area to mar yesterday's result was the mineral division, whose contribution to group earnings fell from A$14.17m to A$5.91m, due to poor Japanese demand for steel-making materials.

Turning to new developments, the directors said that the feasibility study for the development of the North West Shelf gas finds was making good progress, and work on the company's new Gregory coal mine in Queensland and the Mount Newman iron ore beneficiation plant in West Australia was proceeding satisfactorily.

Overall, the directors said that the group result for the May 1979 half year should approach that achieved in the November 1978 period. With the company already operating under a higher local steel price—granted last month—and its 50 per cent share of the Bass Strait output now attracting a greater proportion of world parity pricing, they may well be understating the situation.

Alfasud claimed to be on verge of collapse

By Paul Betts in Rome

IN A Letter addressed to the labour unions, the management of Alfasud, the Naples subsidiary of the Alfa Romeo state car group, warned that the company, employing some 15,000 people, was now on the verge of collapse.

Continuing labour difficulties had hit production at a time of general recovery in the car market, and were in large measure responsible for the company's substantial losses last year, the management claimed.

Alfasud is expected to report losses of some L90bn ($107m) for the year ending December 1978, compared with a net loss of L99.5bn the previous year.

Production at the Pomigliano d'Arco plant, near Naples, amounted last year to just over 100,000 units, a figure well below the plant's capacity of some 1,000 cars a day.

Since it came on stream in 1974, the Alfasud plant, representing a total investment of some L650bn, has been plagued by labour unrest and low productivity, and has consistently reported heavy losses.

Despite efforts by the management and the union leadership to abate labour unrest at the plant, the average rate of absenteeism last year totalled more than 18 per cent, and production was disrupted during 1978 by 842 wildcat strikes.

New court move in Talley bid for Washington Steel

BY STEWART FLEMING IN NEW YORK

A FEDERAL judge has indicated that he intends to issue an injunction to prevent Chemical Bank, one of New York's leading banks, from participating in the financing of Talley Industries' $56m takeover bid for Washington Steel.

Chemical Bank serves as transfer agent for Washington Steel stock, and also has in its possession confidential documents given to it by Washington Steel that project the company's future financial condition.

Washington Steel has charged Chemical Bank with breaching its fiduciary duty in agreeing to finance Talley's contested takeover bid.

Federal judge Paul Simmons, said that by agreeing to finance an offer that would effectively destroy Washington Steel as a separate entity, Chemical Bank had engaged in "reprehensible, improper conduct."

The role of commercial banks in financing takeovers of their customers has been a contentious issue for some time. Earlier this year, Morgan Guaranty Trust was challenged for agreeing to lead a group of commercial banks in the financing of the (so far) abortive bid by American Express for publishers McGraw-Hill, which was a client of Morgan Guaranty.

Imperial Life in $25m. bid

TORONTO — The Toronto-based Imperial Life Assurance Company of Canada has made an offer to acquire Continental American Life Insurance Company of Wilmington, Delaware, at a price of $33 cash per share.

Continental American has some 754,000 shares outstanding which places a value of $25m on the bid.

Mr. Claude Castonguay, chairman of Imperial Life, said that he understood a special meeting of the Continental board had been called to evaluate the offer and formulate a response. He noted that the offer was subject to negotiation of a formal agreement, and to approval by Continental American stockholders and the Delaware Commissioner of Insurance.

Mr. Castonguay said Imperial was the previously unidentified party with which Continental American had announced it was engaged in preliminary discussions.

Imperial Life, with assets of C$940m at December 31, 1978, is principally engaged in the life insurance business in Canada, Great Britain, the Bahamas, certain areas of the Carribbean and California, Michigan, and Ohio. Continental American, with assets of $267m, is engaged in the life insurance business in the U.S. and is licensed in all 50 states and the District of Columbia.

Turnover at BSN lifted by food products

By Terry Dodsworth in Paris

A SIGNIFICANT improvement in food product sales served to push up turnover at BSN-Gervais Danone, the diversified French Group, by 11.5 per cent last year, despite a disappointing performance in its flat glass division.

The crude figures show an overall increase in sales to FFr 14.4bn ($3.3bn) from FFr 12.9bn in 1977, a 12 per cent increase.

But taking into account exchange rate variations and structural changes, BSN calculates its turnover rise at 0.5 per cent less, with the main difficulties being encountered in the flat glass business.

Douwe Egberts doubles profits

BY CHARLES BATCHELOR IN AMSTERDAM

DOUWE EGBERT(DE), the old-established Dutch tea, coffee and tobacco group, doubled its profits in 1978, despite only a marginal increase in turnover. Consolidated Foods Corporation of Chicago owns 65 per cent of DE's shares, although its voting rights are limited to 26 per cent.

Net profit rose to Fl 80.6m ($40.1m) in 1978 from Fl 42.2m. Sales rose by 4 per cent to Fl 2.02bn ($1bn), of which 38 per cent were made abroad. In volume terms, sales increased 20 per cent, but prices, in particular of coffee, fell by 15 per cent. The return on assets rose to 15.9 per cent from 8.9 per cent, and is once again at a level sufficient to guarantee the company's future and expansion, DE said.

The company plans to close its book year on June 30 in future, so that the current accounting period will cover 18 months. The 1978 figures are therefore, in effect, an interim result. The company will pay an interim dividend of Fl 31 per Fl 10 nominal share. It paid a total of Fl 21 in 1977.

The consolidation of the sales of Superior Tea and Coffee Company of Chicago in 1979 will add about Fl 300m to DE's turnover. Coffee accounts for 70 per cent of the sales of Superior, which was acquired last month.

Volume sales of ground and bean coffee showed a clear recovery from the difficult year of 1977, and were once again at the level of 1974. The last "normal" year before frost damages led to spiralling coffee prices. Concentrates, including deep freeze coffee and tea extracts and juices, developed very favourably. The cigar division continued to make substantial losses, but changes made in 1978 should put an end to this situation in two to three years.

Bond-Invest to cut dividend

BY JOHN WICKS IN ZURICH

THE international bond investment fund Bond-Invest, operated by the Union Bank of Switzerland subsidiary Intrag AG of Zurich, is to reduce its dividend from SwFr 4.40 to SwFr 3.60 for 1978. While foreign-currency earnings remained at the previous year's level, Swiss franc results were depressed by the exchange rate. Profits also suffered from an increase in investments in Swiss franc and yen securities, which were equipped with relatively low interest rates.

Also in connection with the high Swiss franc, total holdings dropped by 3.1 per cent to SwFr 2.31bn and the issue price fell by 10 per cent to SwFr 61.75. The fund's investment policy saw an increase by the end of October to 35.5 per cent in the Swiss franc share of the portfolio, despite the large number of premature redemptions, at the same time, purchases of Japanese government paper and other yen bonds brought the yenshare up sharply to 7.1 per cent. The share of convertible bonds in the portfolio was reduced from 10.4 to 7 per cent, while the straight bonds share went up from 78.2 to 80.2 per cent.

* * *

Net profit of Cie. de Banque et d'Investissements, Geneva, rose from SwFr 3.16m to SwFr 3.6m ($2.17m) last year, with the balance sheet total up sharply to SwFr 152m ($91.6m) against SwFr 122m. The Board recommends the payment of an unchanged dividend of 8 per cent, with transfers of SwFr 350,000 to statutory reserves and SwFr 2.5m to special reserves.

ABN to make bond issue

By Our Amsterdam Correspondent

ALGEMENE BANK Nederland will make a Fl 250m (equivalent to $125m) 8¼ per cent bond issue, due 1980/89, at a price to be announced on February 21. Subscriptions open on February 23 for payment March 28.

In the prospectus for the issue, the bank repeats an earlier forecast that 1978 net profit per share should exceed 1977's Fl 48.69. The results for 1978 are due on February 23. The consolidated balance sheet total rose 16.5 per cent from the end of 1977 to the end of November.

Sharp turnround from loss to profit at LTV

BY OUR FINANCIAL STAFF

THE MAJOR U.S. steelmaker LTV Corporation has recorded a sharp turnround from loss to profit in the fourth quarter. Net income for the period was $8.8m or 42 cents a share compared with a loss of $15m or $1.07 a share. The recovery was principally due to an improvement in steel operations, the company said last night.

The strong fourth quarter performance lifted net income for the year from a loss of $53.2m or $3.85 a share to a profit of $39.6m or $2.33 a share, on sales up from $4.7bn to $5.26bn. Fourth quarter sales revenues moved ahead from $14.65bn to $17.74m.

On December 5 last year, LTV merged with Lykes Corporation to form the third largest steelmaker in the U.S., but the merger has been treated as having taken effect on December 31 for reporting purposes and no account has been taken of results for Lykes in the LTV figures.

The net income figure for all 1978 includes an extraordinary credit of $16.7m from the sale of properties, a gain from the change in accounting for stocks of $13.1m or 67 cents a share, and a credit of $6.5m or 33 cents a share from discontinued operations.

ABC proposal lifts Chilton share price

By Our New York Correspondent

THE SHARES of publishers Chilton soared $14 to $31 in the over-the-counter market yesterday following an announcement from American Broadcasting Companies (ABC), the television network, that it had agreed to pay $36 a share for 44.6 per cent of Chilton's equity.

Fifteen directors of Chilton have agreed to sell their stock to ABC, which will make a cash tender offer for all of the company's outstanding stock. The total value of the offer is just over $18m for all 594,058 shares of Chilton.

National Can setback

Metal and glass containers manufacturer National Can Corporation experienced a sharp fall in net income from $27.51m or $2.78 fully diluted per share to $20.73m or $2.07 a share in 1978, agencies report from New York. The company expects an improvement in 1979, and is increasing capital spending by more than 25 per cent to some $55m.

COMMODITIES/Review of the week

Coffee pact talks on price fall

BY OUR COMMODITIES STAFF

THE EXECUTIVE Board of the International Coffee Organisation will hold a special meeting within 14 days to discuss ways of limiting the recent fall in world prices.

An organisation spokesman said yesterday that the meeting resulted "automatically" from the fall in prices below a level specified in a compromise agreement at the International Coffee Pact talks last September.

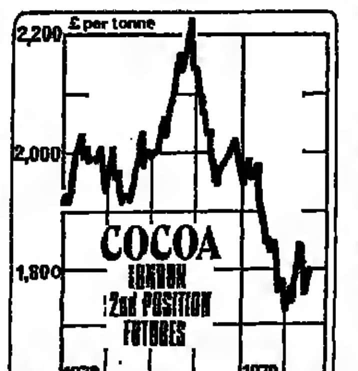
This week's fall in coffee prices, both in New York and London, was largely due to producer selling believed to be aimed at forcing the price down to trigger the new meeting, London traders said yesterday.

The producers are anxious for another chance to press for early introduction of export quotas.

The decline in coffee prices was also encouraged by a Brazilian Coffee Institute forecast that Brazil's 1979-80 crop would total 21.3m bags (60 kilos each) compared with 20m in 1978-79.

Further downward pressure was provided yesterday by reduction of the Colombian coffee price to $1.29 a pound from $1.34. Dealers said this move might be aimed at boosting exports so that Colombia would get maximum benefit from any export quota arrangements agreed at the ICO meeting.

The sharp rally in cocoa values last week ran out of steam early



in the week. The May position climbed to £1,894 a tonne on Monday morning but by last night had fallen back to £1,801, down £43.7 on the week.

The decline was influenced by reports that estimates putting flood damage to the Brazilian crop at 150,000 tonnes were heavily exaggerated. Local sources said they doubted if the damage exceeded 50,000 tonnes.

Firmer sugar prices were encouraged in the world market by news that Russia had bought 280,000 tonnes of white sugar from Sucres et Denrées of France and an un-named UK merchant.

The sugar is believed to be mainly of EEC origin, plus some from Brazil. Tenders are expected in the next few weeks for purchase of 165,000 tonnes of whites by countries in Africa and the Middle East.

After falling to recent low £98 a tonne on Wednesday, the London daily raws price rose strongly to end the week £2 up on balance at £102 a tonne.

Copper prices moved very erratically on the London Metal Exchange. The market was initially subdued on profit-taking sales after the recent upsurge.

But news of a cut in Zaire production, and of a ship sinking off the coast of Spain with 8,000 tonnes of Zambian copper, helped rally prices strongly at a time when speculators were looking to come back in at the lower levels.

Cash wirebars eventually closed £20.75 up on the week at £971.5 a tonne. The upward move was encouraged yesterday by news that Duval Mining had lifted its U.S. domestic copper prices to a record 91 cents a lb, and Asarco had returned to 90 cents after cutting its price to 87 cents earlier in the week.

Tin prices rallied strongly, following the trend in copper, as did aluminium. Zinc was higher too, aided by a rise in the official European producer price from $760 to $800 a tonne, led by Prayon of Belgium on Monday but followed by other producers.

Silver followed the upward trend in gold, but failed to match the record levels a week earlier.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978/79 High	1978/79 Low
Metals					
Aluminium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market (cts)	[illegible]	+40.0	[illegible]	[illegible]	[illegible]
Antimony	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper Cash Wire Bars	£971.5	+20.75	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cash Cathode	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lead Cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nickel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free mkt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Platinum	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free mkt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quicksilver	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Silver	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tin Cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tungsten	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wolfram	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Producers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grains					
Barley	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Home Futures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Maize French No. 3 Yellow Amer'n	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wheat					
No. 1 Red Spring	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eng. Milling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spices					
Cloves	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepper, white	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Black	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oils					
Coconut (Phil'p'ne)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Groundnut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Linseed, Crude	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seeds					
Copra (Philippines)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Commodities					
Cocoa Shipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Future May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coffee Future	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cotton Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dessicated coconut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jute	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rubber kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sisal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sugar (Raw)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tea	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wool tops 64s Warp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Unquoted. * Nominal. a Madagascar.

MARKET REPORTS

BASE METALS

COPPER—Firmer on the London Metal Exchange. Forward metal rose strongly on the pre-market to touch £992 reflecting the overnight trend on Comex and forecasts of a decline in warehouse stocks. But this level brought out trade selling and profit-taking which left the price at £978 on the morning kerb. In the afternoon, a producer price rise by Duval to 91 cents and another strong opening on Comex pushed the price up to £991 prior to a close on the late kerb of £985. Turnover 33,800 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	964-.5	+7	971-.2	+3
3 months	978.5-9	+7	987.5-8	+4.25
Settl'm'nt	964.5	+7	—	.....
Cathodes				
Cash	957-9	+7	963.5-4.5	+2.25
3 months	972.3	+8	978.5-9.5	+0.75
Settl'm'nt	950	+7.5	—	.....
U.S. Smr.	—	.....	87-89	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £964, three months £982, 81, 79, 77, 78, 79, 79, 78.5, 79. Cathodes, three months £971, 72. Kerb: Wirebars: three months £980, 79.5, 79, 79.5. Afternoon: Wirebars: three months £988, 87, 86.5, 86, 87, 86.5, 87, 88, 87, 87.5, 87, 88, 89, 86.5, 87.5. Kerb: Wirebars three months £988, 89, 89.5, 90, 90.5, 91, 90, 89, 88, 87, 86, 85.5, 85, 88, 86.

TIN—Higher. Forward metal opened around £7160 reflecting the steady trend in the Penang market. After easing to £7140 on the pre-market the price moved ahead to £7240 before closing on the late kerb at £7210. A feature of trading was a tightening of the nearby position for high grade material. Turnover 2,735 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7300-40	—20	7440-50	+120
3 months	7155-75	—4.25	7185-200	—7.5
Settlem't	7340	—10	—	.....
Standard				
Cash	7180-200	—40	7270-300	+60
3 months	7135-40	—47.5	7195-200	+20
Settlem't	7200	—40	—	.....
Straits. E.	$61900	.....	—	.....
New York	—	.....	—	.....

Morning: Standard, cash £7,200, three months £7,160, 70, 60, 50, 40. Afternoon: Standard: three months £7,150, 60, 70, 50, 70, 60, 7,200, 7,190, 7,200, 7,195, 85. High Grade: cash £7,450. Kerb: Standard: three months £7,185, 95, 7,200, 20, 40, 30, 20, 10, 20, 10.

LEAD—Lower. Forward metal rose to £490 on the early pre-market, reflecting the initial strength of copper, but fell to £483 following trade selling. Later U.S. demand pushed the price back up to the £490 level before a close on the late kerb of £487. Turnover 9,025 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	509-10	—8	517-20	—6
3 months	485.5-4	—5	480-1	—4.5
Sett'ment	510	—8	—	.....
U.S. Spot	—	.....	42.4	.....

Morning: cash £512, 11, 10, three months £485, 84, 83, 82, 83, 84, 83. Kerb: three months £484, 84.5. Afternoon: three months £488, 89, 89.5, 88, 89, 90, 91. Kerb: three months £489, 88.5, 88, 87.5, 87, 86.

ZINC—Gained ground following the rise in copper and reflecting trade buying throughout the day. Forward metal opened at £410 and moved up to the day's high of £416 before easing fractionally to close at £415 on the late kerb. Turnover 5,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	599-.5	+.75	402-.5	—5.75
3 months	411.5-2	—1	415.5-6	—5
S'ment	399.5	+.5	—	.....
Prim.w.st	—	.....	35.5-7.5	.....

Morning: cash £397, 98, 99.5, three months £412, 11, 11.5, 11, 12. Kerb: three months £413. Afternoon: three months £414, 13.5, 14, 15, 15.5, 16, 15.5. Kerb: three months £418, 16.5, 17, 16, 15.

ALUMINIUM—Mirrored the trend in copper, with forward metal trading between £734 and £727 before closing at £731.5 on the late kerb. Turnover 2,875 tonnes.

Morning: three months £729, 27, 28, 29.5, 28. Afternoon: three months £730, 32, 33, 34, 33, 32: Kerb: three months £723, 32.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	727-8	+2.5	727-30	—5
3 months	727-8	+3	751-8	+2.25

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 3.85p an ounce higher for spot delivery in the London bullion market yesterday at 366.9p. U.S. cent equivalents of the fixing levels were: spot 735.0c, up 8.5c; three-month 751.8c, up 8.8c; six-month 766.3c, up 8.0c; and 12-month 792.3c, up 6.7c. The metal opened at 367¾-369¾p (735-740c) 372½-374½p (746-750c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	366.0p	+3.85	373.6p	+4.35
3 months	377.7p	+4.05	384.55p	+4.3
6 months	387.1p	+3.70	—	.....
12 months	404.7p	+3.16	—	.....

LME—Turnover 102 (260) lots of 10,000 ozs. Morning: Three months 379, 378.8, 378.5. Afternoon: Three months 384.8, 84.7, 85, 85.3, 85.1, 85, 84.5, 84.6. Kerb: Three months 385.2, 85, 84.6, 84.5, 84.3, 84.

COCOA

Cocoa futures were initially steady but profit-taking later pared gains for prices to close unchanged from last night's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1745.0-50.0	—4.8	1795.0-700.0
May	1800.0-02.0	—7.0	1860.0-780.0
July	1823.0-26.0	....	1853.0-805.0
Sept	1857.0-07.0	+9.70	1882.0-840.0
Dec	1904.0-60.0	—5.0	1920.0-051.0
March	1925.0-55.0	+7.5	1950.0-517.0
May	1952.0-50.0	+7.0	1950.0

Sales: 3,483 (3,075) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound)—Daily price Feb. 15: 161.79 (157.06). Indicator prices Feb. 16: 15-day average 156.17 (155.76) 22-day average 157.61 (157.76).

COFFEE

After failing to fulfill early expectations, Robustas drifted lower on mixed small-scale selling as buyers backed away seemingly nervous after the late decline on Thursday, reports Drexel Burnham Lambert. But at the close good commission-house buying pushed prices to the day's highs ahead £12-£30.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1396-1387	+12.5	1405-1081
May	1320-1323	+25.0	1325-1297
July	1287-1288	+25.0	1289-1268
September	1361-1364	+26.8	1264-1240
November	1232-1234	+27.5	1232-1211
January	1206-1207	+20.0	1210-1192
March	1188-1105	+31.5	1192-1168

Sales: 4,229 (6,920) lots of 5 tonnes. ICO Indicator prices for Feb. 15: (U.S. cents per pound): Colombian Mild Arabicas 129.00 (134.00); unwashed Arabicas 127.00 (same); other mild Arabicas 121.17 (121.50); Robustas ICA 1976 131.50 (132.00); Robustas ICA 1968 132.00 (132.50). Daily average 128.64 (129.08).

SOYABEAN MEAL

The market opened slightly easier on light trade selling, T. G. Roddick reports with quiet trading conditions. Short-covering prior to the weekend gave support to the market.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	102.00	—5.75	155.70
April	130.00-30.2	—0.45	130.50-130.10
June	131.20-31.0	—0.80	102.20-101.80
August	132.20-32.5	—0.20	132.50-132.00
October	130.50-32.0	—0.65	—
December	129.50-29.8	—0.45	—
February	128.50-31.0	—0.75	—

Sales: 84 (105) lots of 100 tonnes.

GRAINS

LONDON GRAIN FUTURES (GAFTA)—Grains opened 30p higher on old wheat and 40p up on barley. Again a good volume was traded and options increased on commercial support to trade 45p higher on wheat and 75p higher on barley. Values eased slightly in the afternoon session to close 15p higher on wheat and 70p higher on March barley, and 45p higher on May. New crops saw good buying interest and values increased on lack of sellers to trade 95p higher on barley 70p higher on wheat. Some profit-taking eased values slightly to close 45-60p higher on barley and 60-80p higher on wheat, Acli reports.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Mar	93.80	—0.20	80.95	+0.25
May	97.60	—0.20	93.65	+0.10
Sept.	82.10	+0.80	85.85	+0.40
Nov	85.45	+0.45	88.35	+0.45
Jan	80.00	+0.40	85.05	+0.60

Business done: Wheat—March 93.80-94.10, May 97.60-97.90, Sept. 92.00 only, Nov. 95.10-95.50, Jan. 98.60-98.80. Sales, 493 lots. Barley—March 90.75-91.00, May 93.60-93.85, Sept. 85.55-88.25, Nov. 89.15-89.50, Jan. 93.00-93.20. Sales, 298 lots.

IMPORTED—Wheat: CWRS No. 1 13½ unquoted. U.S. Dark Northern Spring No. 2 14 per cent March 92.00. Second-half March/first-half April 90.75 transhipment East Coast. U.S. Hard Winter 13½ per cent Feb. 90.00, March 87.75 transhipment East Coast. EEC wheat unquoted.

Maize: U.S./French Feb. 108.50, March 108.75 transhipment East Coast. S. African White April 75.50 Glasgow. S. African Yellow April 70.50 Glasgow.

Barley: English Feed fob March 95.50 paid April-June 98.00 seller.

Sorghum: Unquoted.

HGCA—Location ex-farm spot prices. Other milling Wheat—Unquoted. Feed Barley—Norfolk 87.00; Devon 86.40.

The UK monetary coefficient for the week beginning February 19 will remain unchanged.

RUBBER

EASIER opening on the London physical market. Lower throughout the day, closing on a steadier note. Lewis and Peat reported the Malaysian godown price was 244 (245) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	61.65-61.20	60.50-60.70	60.95-60.40
April	61.65-62.90	61.25-61.60	62.00-61.20
Apr-Jne	62.55-62.60	61.90-62.00	62.50-61.60
Jy-Sept	64.75-64.80	63.70-63.80	64.75-63.50
Oct-Dec	66.70-66.75	65.70-65.75	66.75-65.40
Jan-Mar	68.60-68.65	67.65-67.70	68.60-67.00
Apr-Jne	70.60-70.65	69.65-69.70	70.65-69.60
Jy-Sept	72.55-72.60	71.60-71.05	72.65-72.05
Oct-Dec	74.65-74.60	73.65-73.70	—

Sales: 435 (312) lots of 15 tonnes and 25 (50) at 5 tonnes.

Physical closing prices (buyers) were: Spot 60.75p (59.75); March 60.25p (59.75); April 61p (60.6).

SUGAR

LONDON DAILY PRICE (raw sugar): £102.00 (£99.00) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £106.00 (£104.00).

Prices rose by £1.25 to £1.50 from Thursday's levels, with good trade selling well absorbed at the option, reported C. Czarnikow. Overnight reports that President Carter's Administration is close to agreeing on a new domestic sugar support programme was behind the firmer sentiment.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	105.90-06.00	104.50-04.65	106.15-05.60
May	111.50-11.60	110.15-10.26	111.60-10.75
Aug	116.20-16.25	114.95-15.00	116.50-15.45
Oct	118.15-18.20	117.80-17.95	118.25-18.40
Dec	121.50-21.60	120.40-20.75	121.60-20.75
March	126.15-26.50	125.25-25.70	126.55-26.60
May	128.70-29.50	127.50-28.05	—

Sales: 2,843 (2,695) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £169.50 (£168.00) a tonne for home trade and £264.85 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Carribean port)—Prices for Feb. 15: Daily 8.00 (7.91); 15-day average 7.79 (7.75).

WHITE SUGAR. Close (in order buyer, seller, business, sales)—April 107.50-108.00, 108.50-108.50; 140. July 113.30-114.00, 113.40-113.00; 190. Sept. 118.30-118.45, 118.25-117.50; 17. Nov. 121.90-122.00, 121.80-121.00; 27. Feb. 129.25-129.50, nil; nil. April 133.25-134.25, nil; nil. July 137.00-139.00, nil; nil. Sales: 374.

AMERICAN MARKETS

NEW YORK, Feb. 16.

PRECIOUS METALS closed sharply higher with silver recording new contract and historic highs on aggressive speculative buying and short-covering over fears of further political turmoil in Iran during the long holiday week-end. Copper also recorded new contract highs on fresh speculative buying following another sharp increase in the domestic producer price to 91 cents per pound, coupled with expectations of another sizeable decrease in LME stocks. Sugar rallied on trade and speculative buying. Cocoa closed lower under the weight of chartist and stop-loss selling, Bache reports.

Cocoa—March 154.00 (157.45), May 157.00 (159.75), July 158.95, Sept. 160.90, Dec. 162.70, March 164.20, May 165.20 settlements. Sales, 1,070.

Coffee—C contract: March 122.00-123.00 (122.25), May 122.50-123.10 (123.46), July 123.25-123.75, Sept. 124.50-124.75, Dec. 123.90-124.00, March 123.50-123.90, May 124.00, July nil. Sales, 1,100 lots.

Copper—Feb. 87.00 (86.70), March 87.00-87.15 (86.20), April 87.75, May 88.30-88.40, July 88.40-88.60, Sept. 88.50-88.65, Dec. 87.80-87.95, Jan. 87.60, March 87.80, May 87.60, July 87.80, Sept. 87.80, Dec. 87.80. Sales 11,000 lots.

Cotton—No. 2: March 64.90-64.98 (65.29), May 67.20-67.25 (67.60), July 68.90-68.95, Oct. 66.50-66.60, Dec. 65.70-65.30, March 66.50-66.60, May 67.70-66.60, July 68.00-68.20. Sales: 5,650.

*Gold—Feb. 248.00 (245.40), March 248.60 (246.00), April 251.30-251.00, June 255.00-255.50, Aug. 259.60, Oct. 264.10, Dec. 268.50-269.50, Feb. 273.30, April 278.00, June 282.70, Aug. 287.40, Oct. 292.20, Dec. 297.00. Sales, 26,000 lots.

*Platinum — April 413.00-414.00 (408.70), July 415.50-416.00 (410.00), Oct 417.90-418.10, Jan. 420.40-420.60, April 422.10-422.30, July 423.90-424.10, Oct 425.90-426.10. Sales 2,165 lots.

¶Silver—Feb. 763.50-760.00 (741.20), March 763.90-764.00 (744.00), April 768.10, May 772.20, July 780.50, Sept. 788.90, Dec. 801.10, Jan. 805.30, March 813.60, May 821.90, July 830.20, Sept. 838.60, Dec. 851.30. Sales, 17,000 lots. Handy and Harman spot bullion 756.?? (747.90).

Sugar—No. 11: March 8.54-8.55 (8.??), May 8.53-8.95 (8.96), July 9.20-9.21, Sept. 9.40, Oct. 9.51-9.52, Jan. 9.60-8.80, March 10.14-10.16, May 10.24-10.26, July 10.65 asked. Sales 4,???.

Tin—674.00-715.00 nom. (677.00-710.00 nom).

CHICAGO, Feb. 16.

Lard—Chicago loose lard 25 cents per pound (same). NY prime steam 26.50 traded (same).

‡‡Maize—March 237½-237¼ (237¾), May 247¾-247½ (247¾), July 253-253¾, Sept. 256¼, Dec. 261-261¼, March 268½.

Live hogs—Feb. 56.85 (57.00), April 53.35-53.45 (53.37), June 55.05-55.20, July 53.30-53.40, August 52.35 bid, Oct. 49.95-49.90, Dec. 50.45-50.50, Feb. 45.45, April 47.12. Sales: 6,712.

Pork bellies—Feb. 68.80 (69.77), March 67.90-67.70 (69.20), May 68.30-68.50, July 68.90, August 67.05. Sales: 5,511.

Orange Juice—March 111.25 (114.75), May 112.90 (116.15), July 114.25, Sept. 115.25, Nov. 110.25, Jan. 106.40, March 106.40, May 106.40-106.60, July 106.40-106.60. Sales: 1,200.

Silver—Feb. 763.00 (747.80), March 750.00 (752.00), April 774.00-772.00, June 783.00-781.00, Aug. 789.50-790.50, Oct. 798.50, Dec. 807.00, Feb 815.50, April 824.00, June 832.50, Aug. 840.50, Oct. 849.00, Dec. 857.00, Feb. 865.80, April 875.00 nom., June 884.00, Aug. 893.50.

‡Soyabeans—March 753-751 (748), May 767-765 (764), July 773-774, August 767½-768, Sept 720, Nov. 697-696, Jan. 704, March 713-714.

‖Soyabean Meal—March 198.50-198.40 (197.50), May 201.50-201.30 (200.60), July 204.60-204.30, August 203.00, Sept. 197.30-198.00, Oct. 194.00, Dec. 193.80, Jan. 193.00, March 194.00-194.50.

Soyabean Oil—March 27.60-27.55 (27.65), May 27.80-27.75 (27.73), July 27.80-27.75, August 27.50, Sept. 26.40-26.35, Oct. 25.05-25.10, Dec. 24.65-24.70, Jan. 24.50, March 24.45-24.50, May 24.38-24.40.

‡Wheat—March 359½-358½ (362½), May 341½-341 (344¼), July 322-321¼, Sept. 324½-324¾, Dec. 338, March 345¾.

WINNIPEG, Feb. 16. §Rye—May 107.00 (106.00), July 106.00 bid (104.80 asked), Oct. 107.40 bid, Dec. 107.40 asked.

§Oats—March 86.50 (85.80 bid), May 83.60 (83.40), July 82.60 asked, Oct. 83.70 asked, Dec. 83.60 asked.

§Barley—March 79.00 (79.30 bid), May 79.20 bid (79.50), July 81.70 asked, Oct. 84.70 asked, Dec. 84.50 bid.

§Flaxseed—May 361.00 bid (351.10), July 355.00 bid (357.10 asked), Oct. 350.30 asked, Nov. 343.00 bid, Dec. 343.00 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 189.40 (189.60).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

INDICES

FINANCIAL TIMES

Feb. 16	Feb. 15	M'nth ago	Year ago
268.03	268.63	263.34	224.08

(Base: July 1, 1952=100)

MOODY'S

Feb. 16	Feb. 15	M'nth ago	Year ago
1045.7	1042.7	996.7	902.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 16	Feb. 15	Month ago	Year ago
Spot	385.56	384.47	375.51	347.08
F'tur's	381.05	383.12	372.40	387.69

(Average 1924-25-26=100)

REUTERS

Feb. 16	Feb. 15	M'nth ago	Year ago
1534.4	1523.5	1498.6	1389.6

(Base: September 18, 1931=100)

WOOL FUTURES

SYDNEY GREASY—Close (in order of buyer, seller, business, sales)—Micron contract: March 362.5-363.0, 362.5-362.5; 5. May 370.5-371.0; 371.?-369.0; 15. July 381.0-381.5; 379.0-377.5; 5. Oct. 381.0-382.0; 381.5-379.5; 42. Dec. 381.8-382.8; 382.0-380.9; 57. March 385.8-386.5; 386.0-386.0; 41. May 388.5-389.0; 389.0-386.0; 8. July 390.5-391.0; 392.0-391.5; 9. Sales: 191.

LONDON GREASY (in order buyer/seller). March 220.0-28.0; May 228.0-35.0; July 228.0-37.0; Oct. 231.0-40.0; Dec. 232.0-40.0; March 234.0-44.0; May 235.0-44.0; July 236.0-47.0. Sales: nil.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 664 tonnes, bringing the total for the week to 2,477 tonnes against 1,718 in the previous week. Fresh interest was shown in numerous American-type varieties, and the offtake broadened under the influence of dearer rates for the raw material.

HONG KONG—Cotton futures. Prices were about maintained in routine trading. Friday's closing prices were unquoted for all months. Week's high-low: July 70.00-69.00; Oct. 71.00-68.50. Sales: 30 (18) lots.

MEAT/VEGETABLES

SMITHFIELD—No carcase meat price quoted.

MEAT COMMISSION—Average fatstock prices at representative markets on February 16. GB—Cattle 72.26p per kg.l.w. (—0.95). UK—Sheep 158.1p per kg.est.d.c.w. (+14.1). GB—Pigs 45.0p per kg.l.w. (—14.0). England and Wales—Cattle numbers down 47.8 per cent, average price 73.17p (+1.75); Sheep down 55.5 per cent, average 161.4p (+16.0); Pig down 99.4 per cent, average 45.0p (—15.0). Scotland—Cattle up 46.7 per cent, average 70.34p (—0.38); Sheep up 112.1 per cent, average 154.0p (+19.0).

COVENT GARDEN—(Prices in sterling per package except where otherwise stated)—Imported Produce: Lemons—Italian: 100/120s 4.25-4.50; Cyprus: Trays 3.30-4.00, cartons 80/180s 3.50-6.40; Spania: Trays 30/40/45 1.50-1.80.

Stock Exchange dealings

Thursday, February 15	4,474
Wednesday, February 14	4,952
Tuesday, February 13	5,232
Monday, February 12	5,733
Friday, February 9	5,224
Thursday, February 8	5,300

The list below records all last Thursday's markings and also the latest markings during the previous four trading days of any shares not marked on Thursday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fraction of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

BRITISH FUNDS (734)

CORPORATIONS (29)

FREE OF STAMP DUTY

CORP. AND COUNTY STOCKS

PUBLIC BOARDS (10)

FREE OF STAMP DUTY

COMMONWEALTH GOVTS. (—)

REGISTERED AND INSCRIBED STOCKS

FOREIGN STOCKS (17)

COUPONS PAYABLE IN LONDON

FOREIGN CORPNS. (3)

BANKS (152)

BREWERIES (114)

COMMERCIAL (2,220)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

ELECTRIC LIGHT (—)

FINANCIAL TRUSTS (77)

GAS (3)

INSURANCE (237)

Bowring (C. T.) (25p) 107⊕ 10 9. 10pc Unsec.Ln. 153 114/2)
Brentnell Beard (Holdings) (10p) 35
Britannic Assurance (5p) 156⊕ 6
Commercial Union (25p) 146⊕ 40 2 5 39 41

CONTRACTS

Modernisation of houses at Wishaw

HUMPHREYS AND GLASGOW SERVICES has been awarded a £353,000 contract by Bield Housing Association for the modernisation of houses at Wishaw, Motherwell.

*

HALL-THERMOTANK INTERNATIONAL has won contracts worth over £162,000 from Snamprogetti for the provision of two package compressor sets to cool propane liquid storage vessels at the Pembroke refinery of the Pembroke Cracking Co.

*

SALEM ENGINEERING COMPANY has an order from John Maddock and Co., for an electric 300 ton/month continuous ferritic malleable annealing furnace. This facility, part of John Maddock's foundry expansion programme, is worth about £250,000.

*

PARAMETRIC, Runcorn-based electrical and electronic control system manufacturer, has orders totalling £150,000 from the Mond Division of Imperial Chemical Industries for the supply of control panels and associated equipment to be installed in the new "Geoklone" plant at Castner-Kellner Works in Runcorn—output is to be doubled in a £30m investment programme at the ICI plant.

*

Repeat and new orders for its multi-storey stainless steel hygienic and fireproof linen and waste disposal chute systems for Middle East building projects, and a contract to supply windows and flyscreen doors for mobile medical units, worth a total of £100,000 have been won by **HARDALL** the Luton-based subsidiary of the Percy Lane Group.

*

BUCKLEY BARNES ASSOCIATES has been awarded a contract worth £200,000 by Royale Hotels International for the redevelopment of the 140 room Albion Court Hotel in Bayswater. The project involves the upgrading of all bedrooms and the formation of a new coffee shop. BBA has also received an order worth about £125,392 to design phase one of the redevelopment of the Walper Royale Hotel in Kitchener, Ontario.

*

Materials handling and process engineering equipment worth about £100,000 is being supplied by **GOUGH AND CO. (HANLEY)** for tyre manufacture in the USSR. Simon Carves main contractors for the two factories being constructed at Voronezh and Belaya Tserkov at a cost of £79m, placed the order for the materials handling equipment which comprises three standard Maxecon and three mini-Maxecon patented elevating conveyor systems.

Week of Thames TV for U.S.

THAMES TELEVISION, the biggest television company in Britain, is to take over the evening programmes on Los Angeles's Channel 9 KHJ TV, for one week this summer.

It is the second time Thames has taken a week of British television programmes shown in British style to America. New York viewers watched a week-long showcase in 1976, reported to have cost Thames about £500,000 with a net loss of about £100,000.

A "more favourable" contract, signed by Mr. Muir Sutherland, managing director of Thames Television International, is to cost less than that but is expected to make a profit.

Thames's programmes will be shown from 7 pm to closedown from Monday, June 11 to Friday, June 15. They will include the Morecambe and Wise Show, a drama, The Naked Civil Servant, and a documentary, The One and Only Phyllis Dixie.

The American station, which is part of the RKO network, will be responsible for advertising sales.

Thames will share less than half the revenue from advertising.

SINGAPORE

Feb. 16	$	Feb. 16	$
Industrials		Straits Trdg	5.65
		Times Pub.	
Bous'tad Co	1.92	Berhad	3.08xd
Bous'tad Bd	2.76	U. Engin'ers	1.34
Dunlop	4.70	U. Ov'e Bk.	3.48
Esso	4.04	Wearnes	2.77
Fraser Nave	6.25	Tractors	†3.85
Haw Par	1.54	Chemical	†4.86
Hume Ind	1.79	Wlm. Jacks	—
Inchcape	1.60	Rubbers	

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EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	Last	July Vol.	Last	Oct. Vol.	Last	Stock
ABN	F.360	2	11.50	1	13.50			F.353
[illegible]								

TOTAL VOLUME IN CONTRACTS

[illegible]

INVESTMENT TRUSTS (208)

[illegible]

UNIT TRUSTS (5)

[illegible]

MINES—AUSTRALIAN (8)

[illegible]

MINES—MISCELLANEOUS (57)

[illegible]

MINES—RHODESIAN (2)

[illegible]

MINES—SOUTH AFRICAN (52)

[illegible]

MINES—WEST AFRICAN (1)

[illegible]

MINES—DIAMOND (14)

OIL (267)

[illegible]

PROPERTY (158)

[illegible]

RUBBER (21)

[illegible]

UK RAILWAYS (2)

[illegible]

FOREIGN RAILWAYS (1)

[illegible]

SHIPPING (33)

[illegible]

TEA (7)

[illegible]

TELEGRAPHS (1)

[illegible]

CANALS AND DOCKS (14)

[illegible]

WATERWORKS (9)

[illegible]

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

FEBRUARY 15 (Nil)

FEBRUARY 14 (Nil)

FEBRUARY 13 (2)

Nikolaef (City of) 5pcGoldOds. 1912 £10

FEBRUARY 12 (2)

Perm (City of) 5pcLn. 1914 £16
Southend Stadium Pfd. 016

FEBRUARY 8 (Nil)

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

FEBRUARY 15

Anglo Utd. 230
Bamboo Creek 21●
Bougainville Copper 168●
BP Canada £13¼●
Bridge Oil 120
Courtaulds Hilton (Aust.) 33
Dlroyal Inv. 15
Heinz (H. J.) US$ 38⅞
Hutchison Whampoa 57
Jardine Matheson 194
Kulim Malaysia 51
Matheson Inv. 7¼pcCnv. £96
Offshore Oil (5c pd.) 8½
Poseidon 55●
Rochester Gas Elec. £12½
Tongkah Harbour Tin 98
Union Oil California $US 39
Wheelock Marden A 87½● 6
Woodside Pets. 57. Do. New 19

FEBRUARY 14

AE and CI 195
Allegheny Air Lines $US 6⅛●
Allegheny Ludlow Inds. $US 17⅛●
American Tel. and Tel. £47
Amsterdam Rotterdam Bk. £27½●
Atherton Antimony 76
Bamboo Creek 23● 3 5
Bnrymin Ex. 66●
Boeing £52⅞
Boldor Elec. $US 28⅛ 11⅞
Bougainville Copper 161 4
Bridge Oil 133● 2●
BN South 134● 8●
Carr Boyd 36●
China Light Power 34●
Conzinc Rio Tinto 306●
Denison Mines £50¼
Dome Pets. $US 92
Dresdner Bk. £87½
Eastern Air Lines $US 8⅛●
Gold Mines Kalgoorlie 80
Hawker Siddeley Canada 605
Hong Kong Land 124● ½ 5
Jardine Matheson 195
Kennecott £18●
Lockheed $US 30⅛●
Magnet Metal 31½● 3● $US 0.43¼
Metal Closures (SA) 103
Metal Ex. 34½
Pancontinental £10.06● 10● 9⅞
Petrofina US$ 130
Poseidon 54. New 37● 40
Selangor Coconuts 133●
Spargos 38
Swire Pac. A 128½
Wheelock Marden A 45 7 6½. Do. 8 4¼
Woodside Pets. 57

FEBRUARY 13

Afrikander Leases 285
American Tel. and Tel. $US 63⅛● ⅞
Ampol Pets. 62
Amsterdam Rotterdam Bk. £27½
Argo Inv. 143●
Assod. Manganese £14⅜
Beach Pets. 55● 3
Boeing £53¼
Bougainville Copper 163 3 1
Bridge Oil 136● 7●. Do. (50c pd.) 77● 9●
Canadian Pac. Inv. £16⅜●
Carr Boyd 38
Cent. Pac. Minerals 430
Endeavour Resources 21
Engelhard Mins. £26¼
Exxon Cpn. $US50● ⅛
Gold Mines Kalgoorlie 96●
Highmont Mng. 238
Hudson's Bay Oil Gas £36¼
Hutchison Whampoa 64● 5. Do. 7½pcPf. 13¼
Jardine Matheson 1910 90 1
Jardine Secs. 95
Jones Mng. 36
Kulim Malaysia 51
Mid East Mins. 37
Metal Ex. 36
Nthrn. Mng. 60
Oakbridge 134●
Pancontinental £10⅝● 10.46● 16.52● 16⅛● ¼● 10.36; 10.42; 9.93;● 9.96;
Petrofina $US 131½
Poseidon 58 7 5. Do. New 37● 0● 3
Rollins Inc. $US 17● ⅛
Selcast Ex. 36
Sthn. California $US 26●
Swire Pac. A 127● 6
Tasmas Nationwide Transport 112●
Tri Continental £12½
Waste Management $US 23●
Woodside Pets. 38. New 20

FEBRUARY 12

American Elec. Power $US 21½;
Beach Pets. 53
Bougainville Copper $US 2.21● 0162● 8 9 6 7 5
BP Canada $US 22⅛●
Carling O'Keefe $US 3.90●
Carr Boyd 38
Dome Pets. £62½●
E. African Brews. 69●
Foodarama 465●
Gas Metals $US 0.08
Gold Mines Kalgoorlie 89
Hong Kong Land 121½●
Hudson's Bay Oil Gas £36● 4;
Jardine Matheson 189● 6 92
Jimberlana Mins. 138 30 4
Jones (David) 105●
Jones Mng. 37
Magnet Metals 34● 4
Metal Ex. 37 8
Myers Emporium 152
New Metal Mines 24
Offshore Oil 9½●
Otter Ex. 33●
Pac. Copper 90● 4
Peko Cpn. £21½
Pancontinental £9¾● 10½
Poseidon 60 1 3. New 38 $US 0.51
Selcast 34●
Shell Canada $US 16⅛●
Spargos 38● 6
Steiux Mfg. 34●
Swire Pac. A 125 ¼ 6 6
Tasman UEB Hldgs. 44
Western Queen 20
Westmex 11½● ½●
Wheelock Marden A 44● 5 8
Woodside Pets. 63● 59. Do. New 19

FEBRUARY 9

Beach Pets. 49½
Bougainville Copper 163 5 4
BP Canada £13⅞
BH South 135● 4
Carr Boyd 36
Cheung Kong 146 8
Ciba Geigy 7¼pcCav. £91
Conzinc Rio Tinto 312
Crusader Oil 56
EZ Inds. 286
Gold Mines Kalgoorlie 89●
New Par Intnl. 55½ 4
Holiday Inns £12¼
Hong Kong Land 131½● ½● 20½ $US 1.67
Hudsons Bay 6pcCav 1993 £78¼
Hutchison Whampoa 64½● 5● 4½ 4
Jardine Matheson 1871
Lend Lease 336;
Little Loan Lac 135;
Magnet Metal 34●
Mannesmann DM 180;●
Matheson Inv. 7¾pcCnv. £96● ¼●
Metal Ex. 33● 4 ½
Mnt. Lyell 87●
Nicholas Intnl. 82
Ocean Resources 13
Otter Ex. 31●
Pac. Copper 93● 6●
Pancontinental £9¾●
Parker Drilling £14⅛
Poseidon 54½● 5 3 50. New 34
Revlon £37⅝
Smith Kiela £67¼
Sparges 39● 5 7½
Swire Pac. A 128● ½● 8 5¼ 5 ½
Swire Props. 45½
Tri Continental £13½
Wheelock Marden A 45 4½
Woodside Pets. 80 1

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

FEBRUARY 15

Burrough (James) 139
Cambridge Instrument (1p) 2½ 2 1 ⅞ ¾
Cambridge Instrument (10p) 3 2¼
Clairmace 25 4
Clyde Pet. 104 3 2 100
Comml. Bk. Wales 115
Deltenne (Hldgs.) 10½ 10
Dollar Land Hldgs. 46
Dolgwella Hldgs. 22½ 2
Eastbourne Waterworks 2.8pcIrrd.Pf. 126
GRA Prop. Tst. 16 15¾ ½ 15
Galaha Ceylon Tea Ests. 5
Gale (George) 446
Harlie Baird 5
Kellock Hldgs. 66
Kellock Hldgs. Cnv.Ln. (1st sers.) 00
Kunick Hldgs. 24
Maddock 26
Manchester Utd. FC 275 56
Mng. Inv. Cpn. 66 6
Nationwide Leisure 9½
North Sea Assets 820
Norton Villiers Triumph 2
Oldham Brewery 84
Queen St. Warehouse (Hldgs.) 5 2
Rangers FC 706
Urogate Invs. 183 40

FEBRUARY 14

Aran Energy 06
Booth (Alfred) 266
Cambridge Instrument (1p) 2 1⅞ 97-138tnv ⅞
Cambridge Instrument (10p) 3 3¼
Ceylon and Indian Planters Hldgs. 48
Cheasel Hotels and Props. 19 16 ⅛ 18
Clyde Pet. 96 99
Comml. Bk. Wales 115
Deltenne (Hldgs.) 16½ 10
Dimbula Valley (Ceylon) Tea 23½ 3 2⅞ ½ 2
Dolgwella Hldgs. 23½ 5 a⅞ ½ 2
Eldridge Pope A 247
Euchem Nidpy 96 3
GRA Prop. Tst. 15¾ ½
Gale (George) A 125
Greenville Inv. Tst. 425
IAS Cargo Airlines 96
IAS Cargo Airlines 6pcPf. 137 6½
Kellock Hldgs. 64
Kellock Hldgs. Cnv.Ln. (1st sers.) 62 1 60
Kunick Hldgs. 35
Meddock 28 5
Manchester Utd. FC 8E0 25
Mid-Southern Water 6pcPo.Db. £36
Mining Inv Cpn. 66 8
Nationwide Leisure 0½ 9
New Court Natural Resources 12
North Sea Assets 800 750
Norton Villiers Triumph 3 2½ 3 1½
Oldham Brewery 65 2
PMPA Insurance 88
Twinlock 25 3½
Viking Oil 130

FEBRUARY 13

Arsenal FC £155
Bell 5pcPf. 28
Burrough (James) 138
Cambridge Instrument (1p) 2 1⅞n ⅞ ¾
Cambridge Instrument (10p) 3 2¼
Channel Hotels and Props. 19
Clyde Petroleum 98
Commercial Bk. Wales 118 10
Deltenne Hldgs. 19 16½ ¼ 18 17
Di Gule Valley (Ceylon) Tea 6pcPf. 206
Dollar Land Hldgs. 50
Dolgwella Hldgs. 34 3
Eldridge Pope A 380
GRA Prop. Tst. 15½ ¼ 15
Nertley Beird 1
IAS Cargo Airlines 96
IAS Cargo Airlines 6pcPf. 135
Jessel Tst. 10pcPf. 28½
Kellock 66 5
Konick 38
Meddock 36 7 5
Meddock 7½pcSub.Cnv.Stk £70 65
Manchester Utd. F.C. 375
Mercantile House 230½
Mining Inv. Corp. 66 5 4
Nationwide Leisure 6 ½
NMW Computers 183
North Sea Assets 750
Norton Villiers Triumph 2 2 1½
Queen St. Warehouse 5½ 5 6¼
Rangers F.C. 066
Star Offshore Services 75
Viking Oil 128 2
Wessex Water Authority 5pc 1982-07 £76 6

FEBRUARY 12

Arsenal F.C. £155
Bayer AG Wrnts. DM 19¼ 19 US$ 16¼
Burrough (James) 137
Cambridge Inst. 2 1¼
Cambridge Inst. 3
Camra (Real Ale) (05
Commercial Bank of Wales 117 15
Dollar Land 48
Eldridge Pope 243
GRA 15¼ 15
Jessel Trust 16pcRd.Pf. 27½
Kellock 65
Kunick 25 19
Meddock 27 0
Meddock 7½pcSub.Cnv. £65
Merrydown Wine 31
Mann Petroleum 15 14⅞
Mercantile House 236
National Leisure 6
N.M.W. Computers 155 3
North Sea Assets 635 88 766 695
Norton Villiers Triumph 1½ 1 2½
Oldham Ests. 153 2½
Ouvoh Nightclds 35
Queensland Mines 245 30
P.M.P.A. Ins. 43
RAC Buildings £14 21
Rangers F.C. 600
Southern Newspapers 111 110
Twinlock 12pcLn.Stk. 1978-99 £71
Weetabix A 70

FEBRUARY 8

Adnums 6 620
Aston Villa F.C. (15 npces) £100 95
Birmingham City F.C. 906
Battersby 7pc Non Pt. Pf 7
Cambridge Inst. 2 ¼ 3 1 ⅞
Cambridge Inst. 3
Clairmace 25½ 5
Commercial Bank of Wales 107
Deltenne 16½ 17½ 17 16½
G.R.A. Prop. Tst. 15¼ 15
Greendon Vst. 11pcSub.La. 1978-81 £2¼
IAS Cargo Airlines 98 5
IAS Cargo Airlines 6pcRd.Pf. 1.p 155
Jersey New Waterworks 3½pc 3rdPf.
Kellock 64 60
Kellock 11pcPd.Pf. 80
Kellock Cnv.Sub.La. (1st series) 56
Kunick 34 3½ ⅞ 3
Meddock 31 28 4
Manchester Utd. F.C. 225
Mining In. Corp. 65 2
Nationwide Leisure 9½
Norton Villiers Triumph 21½
Oldham Ests. 152
Queen St. Warehouse 5
Twinlock 12pcLn. 1978-99 £72
Urogate 183 3 36

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

FEBRUARY 15

Candecca Resources 48
Siebens (UK) 282

FEBRUARY 14

CCP North Sea Associates £13¾ ⅞
Cluff Oil 387½ 75
Siebens (UK) 304 2 306 398 8 5 4 3 83

FEBRUARY 13

Candecca Resources 43 1⅜ 1
Cluff Oil 400 367½ 75
Siebens (UK) 294 2 1 90 68 6 4 60

FEBRUARY 12

CCP North Sea Associates £13¼ ⅞
Cluff Oil 375
Siebens (UK) 380 76 4 3 70 68 8 4 58

FEBRUARY 9

CCP North Sea Associates £13.75
Cluff Oil Cov.Ashs. and Inc.Wrnts. (f. pd.) 387½
Siebens (UK) 258 8 3 2 50 44
Siebens (UK) 246

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Adur (07917 61591)	13¾	½-year	1,000	4-6
Barnsley Metro. (0226 203232)	12½	½-year	250	4-5
Barnsley Metro. (0226 203232)	13	½-year	250	5-7
Exeter (0392 77888)	13	½-year	500	5-7
Poole (02013 5151)	12½	½-year	500	6-10
Redbridge (01-478 3020)	12¾	½-year	200	4-5
Sefton (051 922 4040)	13	½-year	2,000	5-7
Wrekin (0952 505051)	13½	yearly	1,000	5-10

BUILDING SOCIETY RATES

	Deposit rate	Share accounts	Sub'pn shares	*Term Shares
	%	%	%	
Abbey National	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Aid to Thrift	8.25	8.75	—	
Alliance	7.75	8.00	9.25	8.00 3-4 yrs., 8.50 2 yrs., 8.25 1 yr.
Anglia Hastings and Thanet	7.75	8.00	9.25	8.00 3-4 yrs., 8.50 2 yrs., 8.25 1 yr.
Bradford and Bingley	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Bridgwater	7.75	8.00	8.50	9.10 2½ yrs., 8.75 2 yrs.
Bristol and West	7.75	8.00	9.25	—
Bristol Economic	7.75	8.00	9.25	9.25 3 months' notice
Britannia	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., 3 months' not.
Burnley	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Cardiff	7.75	8.50	9.50	—
Catholic	7.50	●8.20	9.00	● 8.40 over £5,000
Chelsea	7.75	8.00	9.25	8.75 6 mths. not. £500 min. 8.50 3 mth.
Cheltenham and Gloucester	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., £500-£15,000
Citizens Regency	7.75	8.30	9.50	9.30 3 years
City of London	8.00	8.30	9.25	9.35 3 yrs. increment share min. £500
Coventry Economic	7.75	8.00	9.25	9.25 3 yrs. min., 8.50 3 mths. notice
Coventry Provident	7.75	8.00	10.00	9.25 3 yrs., 8.75 2 yrs., 8.25 1 yr.
Derbyshire	7.75	8.00	9.25	8.50 up to 3 months' notice
Gateway	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Guardian	7.75	8.25	8.50	8.95 £1,000 3 months' notice
Halifax	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Heart of England	7.75	8.00	9.25	8.25 3 yrs., 8.50 3 months' notice
Hearts of Oak and Enfield	7.75	8.00	9.25	9.25 3-4 yrs., 9.00 2 yrs., 8.71 1 yr.
Hendon	8.00	8.50	—	9.00 6 months, minimum £2,000
Huddersfield and Bradford	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.
Lambeth	7.75	8.30	9.75	9.00 3 months' notice, £250-£5,000
Leamington Spa	7.85	8.10	■10.97	8.85 2 years. ■3 years
Leeds Permanent	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., min. £1,000
Leicester	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., 8.25 1 yr.
Liverpool	7.75	8.00	9.45	9.10 3 yrs., 8.50 2 yrs.
London Goldhawk	7.75	†8.50	†9.75	†9.50 3 yrs., †9.25 2 yrs., †9.00 1 yr.
Melton Mowbray	7.85	8.10	9.25	8.85 2 yrs., minimum £2,000
Mornington	8.25	8.75	—	
National Counties	8.00	8.30	9.30	9.40 6 mths., 8.75 2 mths., min. £1,000
Nationwide	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs., min. £500
Newcastle Permanent	7.75	8.00	8.30	8.30 3 yrs., 9.00 2 yrs.
New Cross	8.50	8.75	—	
Northern Rock	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., min. £200
Norwich	7.75	8.00	8.50	9.00 3 yrs., 8.75 2 yrs., min. £500
Peckham Mutual	8.00	8.50	—	
Portman	7.75	8.00	9.25	8.00 3 yrs., 8.75 1-yrly., 8.25 3 mths.
Principality	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs., min. £500
Progressive	8.00	8.25	9.25	9.00 2 yrs., 8.75 3 months' notice
Property Owners	8.00	8.50	8.75	8.00 3 months' notice
Provincial	7.75	8.00	9.25	9.00 3-4 yrs., 8.50 2 yrs.
Skipton	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs., 8.25 3 mths. not.
Sussex Mutual	7.75	8.35	10.00	9.30 3 yrs., 9.00 2 yrs., 8.75 1 yr.
Town and Country	7.75	8.00	♣10.00	9.00 3 yrs., 8.50 2 yrs. ♣ Max. £250
Walthamstow	7.75	8.10	8.20	9.15 3 yrs., 8.85 3 mths. not. min. £500
Woolwich	7.75	8.00	9.25	9.00 3 yrs., 8.50 2 yrs.

* Rates normally variable in line with changes in ordinary share rates.
† Includes 0.25% Centenary Bonus throughout 1979.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

EXCHANGE CROSS RATES

Feb. 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.003	3.715	402.0	8.570	3.355	4.018	1683.	2.391	58.55
U.S. Dollar	0.499	1.	1.855	200.7	4.279	1.675	2.006	840.3	1.193	29.23
Deutsche mark	0.269	0.539	1.	108.2	2.307	0.903	1.081	433.0	0.643	15.76
Japanese Yen 1,000	2.488	4.983	9.241	1000.	21.32	8.346	9.994	4187.	5.947	145.6
French Franc 10	1.167	2.337	4.335	469.1	10.	3.915	4.688	1964.	2.789	68.32
Swiss Franc	0.298	0.597	1.107	119.8	2.554	1.	1.197	501.6	0.713	17.45
Dutch Guilder	0.249	0.499	0.925	100.1	2.133	0.835	1.	418.9	0.593	14.57
Italian Lira 1,000	0.594	1.190	2.207	238.9	5.092	1.993	2.387	1000.	1.420	34.79
Canadian Dollar	0.418	0.838	1.554	168.2	3.585	1.403	1.681	704.0	1.	24.46
Belgian Franc 100	1.708	3.421	6.343	686.6	14.64	5.730	6.862	2874.	4.083	100.

Companies and Markets

CURRENCIES, MONEY and GOLD

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

The Treasury bill rate fell by 0.4152 per cent at yesterday's tender, to 12.7002 per cent, and the minimum accepted bid rose to £96.83 from £96.73 the previous week. Bids at that level were met as to about 30 per cent and all bills offered were allotted. The £300m on offer attracted bids of £951.55m and next week a further £300m will be on offer, replacing maturities of £400m.

Day-to-day credit was again in short supply in the money market, and the authorities gave assistance by lending an extremely large amount to four or five discount houses at MLR, for repayment on Monday. The market was faced with a small net take-up of Treasury bills and a moderate increase in the note circulation. The addition banks brought forward balances some way below target. The largest factor was probably the settlement of very large sales of Government securities.

On the other hand Government disbursements were a moderate way in excess of revenue transfers to the Exchequer.

In the interbank market, weekend money opened at 13¾-14 per cent and rose on the forecast to touch 14½ per cent. Rates then fell back to 13½ per cent, touched 18 per cent during the afternoon and closed in the region of 14 per cent.

Rates in the table below are nominal in some cases.

THE POUND SPOT

Feb. 16	Bank rate %	Day's Spread	Close
U.S. $	9½	2.0010-2.0045	2.0025-2.0035
Canadian $	11¼	2.3885-2.3920	2.3900-2.3910
Guilder	6½	4.00½-4.03½	4.01½-4.02½
Belgian F	6	58.40-58.65	58.50-58.60
Danish K	8	10.26-10.30	10.28½-10.29½
D mark	3	3.70-3.73	3.71-3.72
Port. Esc.	18	94.50-95.50	94.80-95.20
Span. Pes.	8	138.25-138.55	138.40-138.50
Lira	10½	1,680½-1,684½	1,682½-1,683½
Nrwgn. K.	7	10.18-10.21	10.19½-10.20½
French Fr.	9½	8.55-8.58	8.56½-8.57½
Swedish Kr	6½	8.73-8.76½	8.74-8.75
Yen	3½	397-407	401-403
Austria Sch	3¾	27.12-27.27	27.17-27.22
Swiss Fr.	1	3.34-3.37	3.35-3.36

Belgium rate is for convertible francs. Financial franc 59.45-59.50.

OTHER MARKETS

Feb. 16	£	$		£ Note Rates
Argentina Peso	2.167-2.177	1077-1087	Austria	26.75-27.75
Australia Dollar	1.7655-1.7725	0.8805-0.8835	Belgium	59-60.
Brazil Cruzeiro	43-44	21.45-21.95	Denmark	10.24-10.34
Finland Markka	7.93½-7.94½	3.9635-3.9655	France	8.50-8.60
Greek Drachma	72.230-73.994	36.05-36.95	Germany	3.65-3.75
Hong Kong Dollar	9.61-9.63	4.7960-4.7980	Italy	1,650-1,700
Iran Rial	148.2-156.8	74-79	Japan	398-408
Kuwait Dinar (KD)	0.544-0.554	0.2741-0.2742	Netherlands	3.95-4.05
Luxembourg Frc.	58.50-58.60	29.23-29.25	Norway	10.15-10.25
Malaysia Dollar	4.3865-4.3650	2.1940-2.1650	Portugal	90-97
New Zealand Dlr.	1.8660-1.9040	0.9475-0.9485	Spain	139.50-144.50
Saudi Arab. Riyal	6.67-6.77	3.3600-3.3810	Switzerland	3.30-3.40
Singapore Dollar	4.3375-4.3500	2.1700-2.1710	United States	2.0000-2.0100
Sth. African Rand	1.6987-1.7624	0.8480-0.8600	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGES AND BULLION

Trading ahead of the weekend in yesterday's foreign exchange market was at a typically low level for Friday, with one dealer describing it as a nothing day. Currency movements remained at a low level with the dollar showing a slightly firmer trend and sterling staying basically unchanged throughout. Against the D-mark the dollar finished at DM 1.8540 compared with DM 1.8525 on Thursday and the Japanese yen also eased slightly to Y200.55 from Y200.10. The Swiss franc showed slightly more movement and traded within a range of SwFr. 1.6675-1.6770 before closing at SwFr. 1.6745 from SwFr. 1.6650 previously. On Bank of England figures the dollar's trade weighted index was unchanged at 84.3.

Sterling opened at $2.0010-$2.0020, which was also its low point for the day. With nothing in the way of fresh factors to affect trading, it moved within a very narrow range of $2.0010-$2.0045, and closed at $2.0025-$2.0035, a fall of just 10 points from Thursday. The pound was also steady against other major currencies, and this was reflected in its trade weighted index, which remained at 63.6 for all three of the day's calculations, unchanged from Thursday.

Gold lost $1¼ an ounce in very subdued trading to finish at $246-246⅞, the same as its opening level, and a rise of $3⅞ on the week.

GOLD

	February 16	February 15
Gold Bullion (fine ounce)		
Close	$246-246¾	$247¼-248
Opening	$246-246¾	$245-245¾
Morning fixing	$245.95 (£122.730)	$246.00 (£122.761)
Afternoon fixing	$247.05 (£123.278)	$247.75 (£123.578)
Gold Coins, domestically		
Krugerrand	$282¼-286¼ (£141-143)	$288½-286½ (£141-143)
New Sovereigns	$69-71 (£34½-35½)	$69-71 (£34½-35½)
Old Sovereigns	$71-73 (£35½-36½)	$71-73 (£35½-36½)
Gold Coins, internationally		
Krugerrand	$253½-255½ (£126½-127½)	$247-249 (£123½-124½)
New Sovereigns	$64-66 (£32-33)	$63-65 (£31½-32½)
Old Sovereigns	$71-75 (£35½-36½)	$70-72 (£35-36)
$20 Eagles	$306-311	$313-318
$10 Eagles	$176-181	$171-176
$5 Eagles	$119-124	$115-125

LONDON MONEY RATES

Feb. 16 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¾-15	—	—	—	14½	13-14	—	—	—
2 days notice	—	—	13⅝-13¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	14⅛	—	—	—	—
7 days notice	—	13⅝-13⅞	13½-13⅞	—	13¼	14⅛	13	—	—	—
One month	13⅜-13¼	13⅝-13⁷⁄₁₆	13½-13⅝	13½-13¾	13¼	—	13	12⅞-13⅝	13⅛-13⅓	15⅝
Two months	13⁷⁄₁₆-13⁷⁄₁₆	12⅝-12½	—	13-13⅜	13¼	14⅛	13	12⅛	13-13⅛	13⅝
Three months	13¼-13⅛	12⅝-13⅛	13½-13⅝	12¾-13⅛	13⅝	—	12⅞	12⅛	12⅞	13⅝
Six months	13⁷⁄₁₆-12⁷⁄₁₆	13¼-13⅜	13¼-13¾	12⅝-12⅞	13½	—	—	—	12⅞	14
Nine months	13-12⅞	13⅛-13⅛	—	12⅝-13	13¼	—	—	—	—	—
One year	13-12⅞	12⅞-13	13-13⅛	12⅝-13	13¼	—	—	—	—	—
Two years	—	—	13-13¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 13⅛-13¼ per cent; four years 13⅜-13⅝ per cent; five years 13½-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12²³⁄₃₂-12²¹⁄₃₂ per cent; four-month trade bills 13¾ per cent.

Approximate selling rates for one-month Treasury bills 12⅞-12⁹⁄₁₆ per cent; two-month 12⁹⁄₁₆ per cent; three months 12⁹⁄₁₆ per cent. Approximate selling rate for one-month bank bills 12¹³⁄₁₆-13⅛ per cent; two-month 12²³⁄₃₂-12²³⁄₃₂ per cent; and three-month 12²³⁄₃₂-12⅝ per cent; one-month trade bills 13½ per cent; two-month 13½ per cent; and three-month 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days notice 10 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.7002 per cent.

CURRENCY MOVEMENTS

February 16	Bank of England Index	Morgan Guaranty changes %
Sterling	63.63	−40.5
U.S. dollar	84.30	− 8.4
Canadian dollar	78.73	−18.7
Austrian schilling	147.35	+19.8
Belgian franc	114.87	+13.4
Danish krone	119.19	+ 7.8
Deutsche Mark	150.38	+42.1
Swiss franc	196.25	+82.7
Guilder	124.84	+20.9
French franc	99.39	− 5.2
Lira	54.0	−49.3
Yen	144.13	+42.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES

Feb. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13-13⅛	10⅛-10⅜	8¾-9¾	7¼-7½	⅛-⅛	3⅛-3⅛	6¾-7	—	—	3⅛-10¼
7 day's notice	13¼-13⅜	10¼ 10½	8¾ 9¾	7¼-7½	⅛-⅛	3⅛-3⅛	6⅞-7⅛	10-11	10⅛-10⅛	3⅛-5⅛
Month	13⅜-13½	10⅜ 10⅝	10⅝-11	6⅜-6⅝	par-⅛	3⅝-3⅛	7¼-7½	12½-13¾	10⅛-10⅜	3⅜-4⅛
Three months	15¼-13⅝	10⅞-11⅛	10⅝ 11	6⅜-6⅝	⅛-⅛	3⅞-3⅞	8¼-8⅛	13-14	10⅞-11	3⅛-4¼
Six months	13⅛ 13¼	11 11¼	10⅝ 11	5⅞-6⅝	⅛-⅛	4⅛ 4⅛	8½-8⅞	13½-14½	11⅛-11¼	4-4⅛
One year	13⅞-13⅞	11-11¼	10⅝-11	6¾-7	½-⅝	4⅝-4½	8⅛-9⅝	15¾-14⅛	11⅛-11⅛	3⅞-4½

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.65-10.75 per cent; six months 10.95-11.05 per cent; one year 10.90-11.00 per cent.

Long-term Eurodollar deposits: two years 10⅞-10⅝ per cent; three years 10⅜-10⅝ per cent; four years 10⅜-10⅝ per cent; five years 10⅜-10⅝ per cent. nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 16/2/79

Statistics provided by data STREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◊ Current
Associated Paper 9½pc Cv. 85-90	1.40	105.00	200.0	76-80	9.1	8.6	− 6.2	− 8 to 9	10.4	8.8	− 1.4	+ 4.9
Bank of Ireland 10pc Cv. 91-96	1.20	187.00	47.6	77-80	5.5	2.2	− 0.6	− 9 to 1	0.0	14.0	7.4	+ 8.0
British Land 12pc Cv. 2002	7.71	175.00	333.3	80-97	7.0	6.2	10.5	1 to 26	0.0	93.4	59.0	+48.4
English Property 8½pc Cv. 98-03	8.07	111.00	234.0	76-80	6.0	5.7	− 1.2	−11 to 1	11.4	6.2	− 4.7	− 3.5
English Property 12pc Cv. 00-05	15.31	95.00	150.0	76-84	13.1	13.2	31.9	32 to 66	26.6	48.0	27.0	− 4.8
Hanson Trust 6½pc Cv. 88-93	4.51	82.00	57.1	76-80	8.2	9.1	− 1.7	− 3 to 4	6.1	6.2	0.2	+ 1.8
Slough Estates 10pc Cv. 87-90	5.50	180.00	125.0	78-87	5.6	0.4	5.1	4 to 15	37.7	51.9	8.3	+ 3.2
Thorn Electrical 5pc Cv. 90-94	4.19	96.00	29.1	75-80	5.2	5.4	− 2.4	− 5 to − 0	8.8	6.7	− 2.1	+ 0.3
Tozer, Kemsley 8pc Cv. 1981	0.78	89.00	153.9	74-79	9.2	14.1	34.5	12 to 35	5.1	3.9	− 1.8	−38.4
Ultramar 7pc Net R.Cv.Pfd.	14.97	1.40	0.5	76-88	7.5	5.1	5.1	5 to 14	0.0	57.6	43.3	+38.1
Wilkinson Match 10pc Cv. 83-98	11.10	85.50	40.0	76-83	11.9	12.1	37.9	20 to 38	26.2	34.8	13.8	−24.1

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness.

LONDON STOCK EXCHANGE

Resumption of Gilt recovery imparts firm overall tone

Small rally leaves 30-share index shade firmer on week

Account Dealing Dates

Option *First Declara- Dealings	Last tions	Account Dealings	Day
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

In quiet trading—official marks were the lowest for more than a fortnight—stock markets yesterday rallied after Thursday's dullness. The firmer tendency was triggered by a more positive showing in short-dated British Funds which were up to ¼ better in a reasonable trade ahead of the 3.30 pm announcement of £1.3bn new tap stocks, one at the long end of the market and one an early medium-dated stock.

The fact that both are to be issued in partly paid form helped sentiment, while relief at the absence of a tap in the area sent the shorts better in the late trade and closing gains ranged to ½ and occasionally more. Longer-dated issues, on the other hand, also up to ¾ better in official trade, gave way as the usual adjustments were made to the new taps and ended unchanged or, more generally, a net ¼ up. A notable exception was provided by Exchequer 12¼ per cent, 1985, which jumped a full point to £95 on buying generated by thoughts that the stock was out of line and looking cheap.

Equities started uncertainly, but recent sellers departed and small demand was sufficient in a thin market to take prices marginally higher in the late morning. Interest was centred chiefly on special situations with London and Midland Industries increased offer for Caledonian Holdings whetting appetites in existing and potential bids.

Up 3.1 at 1 pm, the FT 30-share index made a little more progress at each subsequent calculation and ended 4.7 up at 455.3 for a net rise on the week of 4.6.

A lacklustre business in the investment currency market saw the premium trade between narrow limits before closing at 89½ per cent for a rise of a point. Yesterday's SE conversion factor was 0.6833 (0.6850).

Quiet conditions prevailed in the Traded options market and only 409 deals were completed compared with Thursday's 757 and the week's daily average of 643. BOC were the most active issue, recording 126 contracts.

Following the agreed increased offer from London and Midland Industries, dealings in Caledonian were resumed and the shares rose to 119p in active trading before closing at 117p compared with the suspension price of 110p; the new offer values each Caledonian at around 122p, almost twice the placing price of three weeks ago. LBII eased 2 to 102p, while shares of Comet Radiovision, which holds a 22 per cent stake in Caledonian, put on 5 to 102p.

Lloyds satisfy

Lloyds, up 2 at 282p, got the bank dividend season off to a satisfactory start yesterday, reporting preliminary profits slightly above most expectations. The figures, however, failed to enthuse other major clearers which just held earlier firm levels. Barclays, results next Thursday, closed unaltered at 375p. Elsewhere, Wagon Finance rose 2 to 41p in response to the results, while UDT ended a similar amount dearer at 43p.

Insurances displayed no set trend after a small trade. Willis Faber found support at 240p, up 8, while Minet Holdings, still reflecting the planned link-up with Corroon and Black Corporation, hardened a penny more to 170p. Combined Insurance Company of America improved a fraction to £12⅛ following the results. Equity and Law, however, relinquished 4 to 164p.

Outside of special situations, Brewery and allied issues encountered the general day's business for some time. A broker's estimate that Bass could lose £12m revenue due to the Prices commission decision to investigate their proposed price increase clipped a penny from the shares at 197p. Whitbread attracted a reasonable level of trade and held steady at the overnight level of 96p following the announcement of the company's intention to apply for an interim price rise. Amalgamated Distilled Products rallied 2 to 36p after Press mention.

Interest in the Building sector was at a low ebb and the majority of movements were limited to a few pence either way. After Thursday's drop of 33 on the disappointing profits forecast which accompanied the £18m rights issue announcement, Taylor Woodrow encountered further selling and reacted to 343p before closing without alteration at 347p. Tunnel B remained on offer at 272p, down 4, but Tarmac rallied a few pence to 156p, while Helical Bar hardened a penny further to 27p on news that Hall Engineering had increased its stake in the company to just over 11.5 per cent. Manders eased afresh to 120p before revived speculative demand prompted a recovery to 127p for a rise for 4 on the day and William Whittingham improved a penny further to 49p on the results.

ICI took a marked turn for the better and closed at the day's best with a rise of 7 at 364p; the preliminary results are due next Thursday. Elsewhere in the Chemical sector, Coates Bros. issues were dull, the Ordinary reacting 2 to 73p and the "A" a similar amount to 71p.

Stores mixed

Still unsettled by news that a fire at its store in Reading has left damage estimated at £1m, Waring and Gillow retreated further to touch 121p before closing a net 3 lower on balance at 122p. Harris Queensway relinquished 2 to 177p, after 176p, on the announcement that it is to acquire Caledonian Holdings, Timberland subsidiary for £7m. Ramar Textile softened a fraction to 12p in reaction to the lower interim earnings but Cantors A rose 2 to 44p following an investment recommendation. Among the quietly firm leaders, W. H. Smith A ended 3 up at 148p and UDS 2 to the good at 90p.

Assisted by a broker's favourable survey, Electronic issues staged a useful revival. Racal were noteworthy for a rise of 12 at 370p along with Farnell which gained 8 to 428p. Among the more modest gains, Electrocomponents, 352p, and Ferranti, 367p, recorded improvements of around 4. Energy Services hardened 1 to 21½ in smaller-priced issues. Arcolectric rose 2 to 20p in response to the increased dividend and profits, but lower interim figures prompted a loss of 1½ to 67p in Cableform. Inclined easier at the start, the leaders eventually edged higher and closed on a quietly firm note. GEC ended 3 to the good at 321p and Plessey a similar amount dearer at 106p.

Leading Engineerings rarely strayed far from overnight closing levels and, apart from Hawker Siddeley, 202p and Tubes, 348p, which improved 3 apiece, prices closed without alteration. Secondary issues fared little better in the way of activity. British Aluminium continued firmly and put on 6 more to 913p along with Martonair, up 4 further at 196p. B. Elliott also encountered support and gained 4 to 162p, but Howard Machinery eased a penny to 30p following press comment on the annual results. Other dull spots included Geo. Whitehouse, down 5 at 120p, and Weeks Associates 1¼ cheaper at 24p.

Rather quiet conditions prevailed in the Food market, but demand revived for Cullens issues and the Ordinary rose 5 to 139p with the A up 2 at 136p. Occasional support lifted Hillards 4 to 226p, while speculative buying interest left Spillers 2 to the good at 38½p. Bluebird Confectionery firmed 3 to 57p, but Rowntree Mackintosh, 364p, and Tavener Rutledge, 60p, contrasted with falls of 11 and 4 respectively.

Among Hotels, revived bid hopes stimulated demand for De Vere which advanced 12 to 206p. Grand Metropolitan firmed a penny to 117p following the annual report.

Rallying from the previous day's dullness, miscellaneous Industrial leaders ended the week on a quietly firm note thanks to the appearance of a few cheap buyers. Glaxo, 473p, and Beecham, 615p, rallied 8 and 7 respectively, while Unilever put on 6 to 542p. Bowater improved 4 to 177p with the help of Press comment. Following the announcement of the termination of prolonged discussions which have been taking place with unknown concerns regarding the possible sale of its Reed Paper Canadian subsidiary, Reed International eased to 153p but rallied to finish a penny harder on balance at 156p. Elsewhere, Channel Tunnel at 73p, lost 22 of its recent speculative rise in reaction to adverse comment but still ended with a rise of 13 on the week. Renewed speculative buying lifted Kean and Scott 4 for a two-day gain of 10 at 36p, while Australian giant Broken Hill Proprietary jumped 43 to a 1978-79 peak of 868p on the excellent first-half profits. Favourable comment prompted improvements of 3 and 4 respectively in Reed Executive, 78p, and Chubb, 146p. Glass and Metal closed a couple of pence lower at 90p; news of the bid approach came well after market hours.

The Leisure sector was again featured by Management Agency and Music, 9 up at 136p for a week's gain of 24. Saga also improved, finishing 4 better at 192p.

Motor sectors moved ahead gently in quiet conditions. Lucas firmed a penny to 268p, while Dunlop added 3 to 64p. Wilmot Breeden hardened 1½ to 90p for a rise of 8½ since the announcement of further talks with Rockwell; the shares have gained 21½ on the week.

Fibreboard manufacturers Jacksons Bourne End improved afresh, rising 10 to 118p, or 18 above the offer price from Rossminster.

Against the firmer trend in Properties, Corn Exchange stood out with a fall of 9 to 232p on the Board's announcement of the cessation of talks which might have led to a bid being made for the company. Estates and Agency, on the other hand, found support at 66p, up 4, while improvements of 3 were seen in Hammerson A, 663p, and Imry, 438p.

Oils steady

Leading Oils traded on a quietly firm note. British Petroleum fluctuated narrowly before settling without alteration at 964p, but Shell gradually edged up to close 8 better at 634p. The more speculative North Sea issues tended easier at the start, but occasional support at the lower levels left final quotations with modest gains on balance. Siebens (UK) touched 276p before closing 4 to the good at 284p.

Among Financial Trusts, Dalgety continued to reflect disappointment with the interim statement and drifted off a few pence to 312p for a fall of 12 on the week.

Milford Docks, down 7 at 183p, met profit-taking after the recent jump on speculation about the recent 6 per cent stake taken in the company by Scanoil.

Press comment coupled with a confident forecast from the company lifted knitting wool concern Sirdar 4 to 101p, after 103p. Elsewhere in Textiles, prices were little changed, but Small and Tidmas rose 5 to 75p in a restricted market.

In Tobaccos, Bats added 7 to 300n with the Deferred rising 5 to 280p.

Golds edge higher

Renewed hopes that Sime Darby will increase its 425p per share offer following last week's strong defence statement from Guthrie lifted the latter 9 to 439p. Other Plantation counters traded quietly, but good London demand was seen in Harrisons Malayan Estates, 5 better at 129p.

South African Golds ended a quiet week on a steady note with dealers awaiting next Tuesday's U.S. Treasury gold auction.

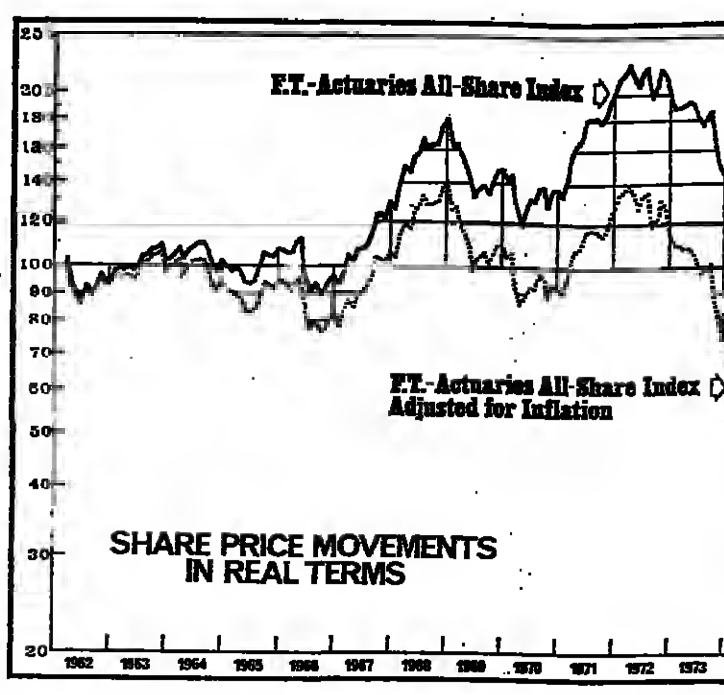
Yesterday's prices were generally a shade firmer at the close reflecting a modest Johannesburg and London demand despite a $1.25 fall in the bullion price to $246.375 per ounce—a week's improvement of $3.375. The Gold Mines index put on 1.6 to 177.2, while the ex-premium index rose 0.8 to 121.2.

South African Financials were similarly quiet with one or two exceptions. Union Corporation and U.C. Investments attracted a good Johannesburg demand throughout the week; yesterday the latter rose 4 for a gain on the week of 20 to a 1978-79 high of 284p, while the former closed 2 harder at 360p for a week's rise of 18. "Johnnies" added ¼ at £17¼, still reflecting satisfaction with the increased profits. After moving ahead strongly in the early part of the week, "Amcoal" reacted 15 to 795p on profit-taking.

London-registered Financials eased initially but recovered to close barely changed. Platinums made progress in line with the free market metal price. Rustenburg put on 4 to 154p, Lydenburg rose 2 to 96p and Impala added a like amount to 214p, the last named in front of Monday's interim results.

Australians were firmer across the board with the market being given a boost by the excellent results from BHP. Base-metal producers showed Mount Lyell 3 up at 61p and Western Mining a similar amount better at 168p, while Conzinc Riotinto, 2 harder at 296p, continued to reflect the better-than-expected 1978 profits.

Elsewhere, speculative buying lifted Westfield Minerals 10 to 255p, after 285p.



FINANCIAL TIMES STOCK INDICES

	Feb. 16	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 9	A year ago
Government Secs.	65.10	65.19	65.59	65.12	64.82	64.80	74.66
Fixed Interest	66.05	66.03	66.21	66.93	65.77	66.08	77.63
Industrial	455.3	450.5	457.4	455.4	446.1	430.7	459.3
Gold Mines	177.2	175.5	174.9	177.0	177.4	174.0	157.1
Gold Mines(Ex-$ pm)	121.1	120.3	118.0	120.1	120.5	119.5	115.8
Ord. Div. Yield	6.24	6.30	6.21	6.24	6.37	6.32	5.84
Earnings, Y'ld % (full)	16.31	16.46	16.25	16.31	16.95	16.55	17.79
P/E Ratio (net) (*)	7.95	7.88	7.99	7.85	7.70	7.86	7.93
Dealings marked	3,726	4,474	4,258	5,232	5,733	5,224	4,589
Equity turnover £m.	—	88.74	84.65	75.53	73.00	96.02	55.09
Equity bargains total	—	12,110	15,177	13,486	13,014	14,987	11,598

10 am 450.0. 11 am 450.0. Noon 452.5. 1 pm 453.7.
2 pm 454.3. 3 pm 454.5.
Latest Index 01-246 8026.
*Nil =7.73.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.97 (9/1/78)	65.77 (12/2/79)	100.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.0 (14/8/78)	124.1 (23/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	135.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Feb. 16	Feb. 15
—Daily		
Gilt Edged	141.9	158.0
Industrials	115.7	137.1
Speculative	29.7	57.2
Totals	84.8	101.8
5-d'y Av'r'ge		
Gilt Edged	185.8	193.7
Industrials	148.2	159.2
Speculative	49.9	48.7
Totals	109.8	116.6

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (30)

CANADIANS (1)
Gulf Oil

BUILDINGS (3)
Breedon Lime; Whittingham (W.); Burnett & Hallamshire

CHEMICALS (1)
Thurgar Bardex

ELECTRICALS (3)
Electrocomponents; Racal Electronics; Fidelity Rad.

ENGINEERING (3)
British Aluminium; Drake & Scull; Cardo Eng.

FOODS (2)
Bluebird Conf.; Spillers

HOTELS (1)
De Vere

INDUSTRIALS (4)
Bowater; B. H. Prop.; Bridon Vita; Diploma

LEISURE (1)
Man. Agency & Music

MOTORS (1)
Wilmot-Breeden

NEWSPAPERS (1)
Independent

PAPER (1)
Watmoughs

PROPERTY (4)
County & District; U.K. Property; Imry; Utd. Real Prop.

TEXTILES (1)
Small & Tidmas

TRUSTS (1)
Camellia Invs.

TEAS (1)
Williamson

MINES (1)
U.C. Invest.

NEW LOWS (11)

STORES (1)
Currys

ENGINEERING (1)
Raine Engineering

FOODS (1)
Tavener Rutledge

INDUSTRIALS (4)
Bath & Portland; Redfearn Nat. Glass; Brengreen; Brunning Group; Scott Bader

PAPER (2)
Allied Textile; Bunzl Pulp

TRUSTS (1)
Rexbrook Inv.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	11	964	—	970	720
Shell Transport	25p	11	634	+ 6	634	484
Man. Agency Msc.	10p	10	136	+ 9	136	69
ICI	£1	8	364	+ 7	421	328
BATs Defd.	25p	7	280	+ 5	304	227
Beecham	25p	7	615	+ 7	726	581
GEC	25p	7	321	+ 3	349	233
Barclays Bank	£1	6	375	—	398	296
Brown (J.)	£1	6	394	—	481	217
Burmah Oil	£1	6	92	—	95	42
Courtaulds	25p	6	106	+ 2	131	103
Dalgety	£1	6	312	− 2	331	215
Midland Bank	£1	6	353	+ 3	390	330
Tricentrol	25p	6	190	+ 4	193	130
RTZ	25p	5	276	+ 1	284	164

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978-79 high	1978-79 low
BP	£1	82	964	+ 6	970	720
Shell Transport	25p	73	634	+14	634	484
ICI	£1	61	364	+17	421	328
Beecham	25p	45	615	+20	726	581
GEC	25p	43	321	+ 8	349	233
BATs Defd.	25p	38	280	+ 5	304	227
Barclays Bank	£1	38	375	+ 7	398	296
MFI Furniture	10p	34	221	+ 6	235	54
Burmah Oil	£1	33	92	+ 1	95	42
Dunlop	50p	33	64	+ 2	90	60
RTZ	25p	33	276	—	284	164
Ultramar	25p	33	256	+ 4	284	182
GKN	£1	32	231	+ 1	298	227
Marks & Spencer	25p	32	86	+ 3	94	67½
Wilmot - Breeden	25p	31	90	+21½	90	55

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced today in Stock Exchange dealings.

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	45	4	31	265	62	73
Cgns. Dom. & Foreign Bonds	15	3	46	73	25	222
Industrials	277	243	1,002	1,714	1,404	4,492
Financial and Prop.	61	109	339	635	487	1,423
Oils	8	5	25	53	35	102
Plantation	9	3	20	41	15	104
Mines	50	22	68	238	184	282
Recent Issues	3	3	24	27	19	104
Totals	468	392	1555	3,046	2,228	6,802
Plantations	9	3	20	41	15	104
Mines	50	22	68	238	184	282
Recent Issues	3	3	24	27	16	104
Totals	468	392	1,555	3,046	2,228	6,802

BASE LENDING RATES

A.B.N. Bank	13½%	■ Hill Samuel	§13½%
Allied Irish Banks Ltd.	13½%	C. Hoare & Co.	†13½%
Amro Bank	13½%	Julian S. Hodge	14½%
American Express Bk.	14 %	Hongkong & Shanghai	13½%
A P Bank Ltd.	13½%	Industrial Bk. of Scot.	12½%
Henry Ansbacher	13½%	Keyser Ullmann	13½%
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	14½%
Banco de Bilbao	13½%	Lloyds Bank	13½%
Bank of Credit & Cmce.	13½%	London Mercantile	13½%
Bank of Cyprus	13½%	Edward Manson & Co.	14½%
Bank of N.S.W.	13½%	Midland Bank	13½%
Banque Belge Ltd.	14 %	■ Samuel Montagu	13½%
Banque du Rhone et de la Tamise S.A.	14 %	■ Morgan Grenfell	13½%
Barclays Bank	13½%	National Westminster	13½%
Bremar Holdings Ltd.	14½%	Norwich General Trust	13½%
Brit. Bank of Mid. East	13½%	P. S. Refson & Co.	13½%
■ Brown Shipley	14 %	Rossminster	13½%
Canada Perm't Trust	13½%	Royal Bk. Canada Tst.	13½%
Cayzer Ltd.	14 %	Schlesinger Limited	13½%
Cedar Holdings	13½%	E. S. Schwab	14½%
■ Charterhouse Japhet	13½%	Security Trust Co. Ltd.	13½%
Choulartons	13½%	Shenley Trust	14 %
C. E. Coates	13½%	Standard Chartered	13½%
Consolidated Credits	13½%	Trade Dev. Bank	13½%
Co-operative Bank	*13½%	Trustee Savings Bank	13½%
Corinthian Securities	13½%	Twentieth Century Bk.	14½%
Credit Lyonnais	13½%	United Bank of Kuwait	12½%
Duncan Lawrie	13½%	Whiteaway Laidlaw	14 %
The Cyprus Popular Bk.	13½%	Williams & Glyn's	13½%
Eagil Trust	13½%	Yorkshire Bank	13½%
English Transcont.	13½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	13½%		
Greyhound Guaranty	13½%		
Grindlays Bank	‡13½%		
■ Guinness Mahon	13½%		
■ Hambros Bank	13½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½% and over £25,000 11¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 11%.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

Trading in the option market remained quiet with calls in Tricentrol, Premier Oil, FNFC, Edgar Allen Balfour, Bath and Portland, Hanson Trust, Spillers, Bambers, UDT, Lonrho, Charter Cons., Town and City and Caledonian Holdings. Puts were completed in BP, Mersey Docks and Jimberlana Minerals, while doubles to be arranged included Premier, FNFC, Chartershall, De Vere Hotels and Spillers.

LONDON TRADED OPTIONS

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS

[illegible]

NAME CHANGES: Sedgwick Forbes has changed its name to Sedgwick Forbes Bland Payne. Bass Charrington has changed its name to Bass.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551
Emson Dudley Tst. ...[70.3 75.6] ... 7.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377
Equity & Law ...[66.8 70.3] +0.1 5.53

Smaller Companies ...[173.0 186.0] ... 4.06
(Accum. Units) ...[223.5 240.3] ... 4.06
Specialised Funds
Trustee ...[144.5 152.4] −2.0 6.96
(Accum. Units) ...[284.6 304.5] −3.7 6.96
‡‡Charibond Feb. 13 ... 98.9 ... 13.09
‡‡Charifund Feb. 13 ...[143.4 145.6] ... 3.57
(Accum. Units) ...[190.9 193.8] ... 6.57
Pens. Ex. Feb. 12 ...[139.1 146.7] ... 6.10

CORAL INDEX: Close 454-459

INSURANCE BASE RATES

†Property Growth ... 12%
†Vanbrugh Guaranteed ... 12.62%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	.....	—	—
41	33	Do. 5pc Pref.	40	.....	—	—
98	98	Chilean Mixed	98	.....	—	f3.10
22	6	Chinese 4½pc 1898	19	.....	—	—
35	4½	Do. 5pc 1912	28	.....	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	.....	—	—

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U.S. $ & DM prices exclude inv. $ premium

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S.E. List Premium 46⅜% (based on US$2.0032 per £)

Conversion factor 0.6833 (0.6850)

CANADIANS

S.E. List Premium 46⅜% (based on $2.3917 per £)

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AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex	14	......	—	—	—
171	64	Bougainville 50 Toea	163	+1	Q15c	1.4	5.9
139	63	BH South 50c	132	......	—	—	—
820	350	Central Pacific	425	......	—	—	—
336	148	Conzinc Riotinto 50c	298	+2	Q10c	ϕ	2.1
32	19	Cultus Pacific N.L.	28	......	—	—	—
27	9½	Endeavour 20c	20½	......	—	—	—
91	45	G.M. Kalgoorlie $1	84	......	—	—	—
68	18	Haoma Gold N.L.	35	......	—	—	—
158	81	Hampton Areas 5p	152	......	ϕ3.55	2.0	3.5
40	10	Metals Ex. 50c	35½	......	—	—	—
275	125	M.I.M. Hldgs. 50c	255	+1	†Q9c	1.7	2.0
22	10	Minefields Expl.	15	......	—	—	—
74	10	Mount Lyell 25c	61	+3	—	—	—
43¼	11¼	Newmetal 20c	24	−1	—	—	—
143	79	North B. Hill 50c	135	+1	Q8c	1.3	3.4
21	6½	Nth. Kalgurli	21	......	—	—	—
50	12	Nth. West Mining	31	......	—	—	—
178	115	Oakbridge SA1	129	......	Q12c	1.9	5.3
42	10	Otter N.L.	32	......	—	—	—
102	30	Pacific Copper	94	......	—	—	—
1151½	725	Pancont'l 25c	975	......	—	—	—
40	12	Paringa M&E 5p	23	......	—	—	—
570	310	Peko-Wallsend 50c	472	......	Q15c	3.3	1.8
300	50	Southern Pacific	190	......	—	—	—
174	84	Western Mining 50c	368	+3	Q3c	0.7	1.0
11	7	Westmex	11	......	—	—	—
100	35	Whim Creek 20c	65	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29	......	1.81	1.3	14.4
435	240	Ayer Hitam SM1	400	......	Q300c	0.5	16.1
60	45	Beralt Tin	52	−1	4.0	ϕ	11.5
305	190	Berjuntai SM1	255	+5	†Q110c	1.0	10.1
185	111	Geevor	155	......	H5.57	5.0	5.4
11	8½	Gold & Base 12½p	9	......	—	—	—
350	220	Gopeng Cons.	320	......	18.0	ϕ	8.4
340	130	Hongkong	340	......	12.5	ϕ	5.5
93	64	Idris 10p	67	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting SM0.50	75	......	†Q12.5c	2.1	3.6
255	133	Killinghall SM1	255	......	—	—	—
470	280	Malay Dredging SM1	425	......	Q175c	0.7	8.0
78	40	♦Pahang	43	......	—	—	—
78	50	Pengkalen 10p	63	......	4.5	ϕ	10.7
270	165	Petaling SM1	230	......	Q120c	1.3	11.2
87	49	Saint Piran	80	+3	†2.05	6.5	3.8
70	47	South Crofty 10p	57	+1	†4.19	2.0	11.0
245	140	South Kinta SM0.50	185	......	†Q145c	0.6	16.8
370	230	Sthn Malayan SM1	350	......	Q190c	1.0	11.7
245	134	Sungei Besi SM1	230	......	mQ65c	5.3	6.1
85	55	Supreme Corp. SM1	73	......	Z010c	—	2.9
105	84	Tanjong 15p	100xd	......	6.60	0.8	9.8
270	148	Tronoh SM1	245	......	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	98	......	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	68	+3	—	—	—
17	9	Burma Mines 17½p	11½	......	—	—	—
325	165	Cons. Murch. 10c	285	−5	—	—	—
465	245	Northgate C$1	405	+10	—	—	—
284	164	R.T.Z.	276	+1	9.5	2.8	5.1
90	50	Sabina Inds. C$1	57	......	—	—	—
612	687	Tara Exptn. $1	843	−7	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

dividend cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	106	......
Bertam	20	......
Bdg'wtr. Est. 50p.	324	......
Clover Croft	26	......
Craig & Rose £1	615	......
Dyson (R. A.) A	37	......
Ellis & McHdy	63	......
Evered	26	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	122	......
Higson Brew	70	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	232	......
Pearce (C. H.)	202	+2
Peel Mill.	24	......
Sheffield Brick	51	−3
Shef'd. Refrshmt	70	......
Sindall (Wm.)	120	......

IRISH

Conv. 9% '80/82	£88xd	......
Alliance Gas	108	......
Arnott	395	......
Carroll (P.J.)	99	+7
Clondalkin	93	−2
Concrete Prods.	135	......
Heiton (Hldgs.)	60xd	......
Ins. Corp	162	......
Irish Ropes	98	......
Jacob	50	......
T.M.G.	185	+5
Unidare	88	−2

OPTIONS

3-month Call Rates

Industrials					
A. Brew	5½	I.C.I.	20	Unilever	35
BOC Intl	6	"Imps"	6	U.D.T.	4
B.S.R.	8	I.C.L.	40	Utd. Drapery	7½
Babcock	11	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	32	Ladbroke	14	**Property**	
Blue Circle	18	Legal & Gen.	14	Brit. Land	3¼
Boots	15	Lex Service	7	Cap. Counties	4½
Bowaters	15	Lloyds Bank	22	E.P.	3½
B.A.T.	24	"Lofs"	4	Intereuropean	5
Brown (J.)	33	London Brick	6	Land Secs.	16
Burton 'A'	15	Lonrho	5	MEPC	12
Cadbury	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	"Mams"	12	Samuel Props.	9
Debenhams	8	Marks & Spencer	7	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	5	N.E.I.	11	Brit. Petroleum	45
Eagle Star	10	Nat. West Bank	22	Burmah Oil	8
E.M.I.	14	Do. Warrants	10	Charterhall	2½
Gen. Accident	17	P&O Dfd.	7	Shell	28
Gen. Electric	18	Plessey	8	Ultramar	16
Glaxo	40	R.H.M.	5	**Mines**	
Grand Met.	7½	Rank Org.	18	Charter Cons.	12
G.U.S. 'A'	26	Reed Intnl.	12	Cons. Gold	12
Guardian	18	Spillers	3½	Rio T. Zinc	26
G.K.N.	22	Tesco	4		
Hawker Sidd.	20	Thorn	22		
House of Fraser	12	Trust Houses	18		
		Tube Invest.	30		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday February 17 1979

MAN OF THE WEEK

Trying to please them all

BY CHRISTIAN TYLER

ALTHOUGH occupying a position at the very centre of public life, Lionel Murray is not a public man. He does not court publicity: in fact he dislikes the Press. A delicate sense of his role as general secretary of the TUC makes him chary of public utterances about the doings of any of the 112 unions affiliated to the federation. Nor does he provide instant comment from Congress House on daily events.

For his necessarily frequent appearances in front of the television cameras or on Press conference platforms he has developed a fine line in understatement, re-statement, in the extended metaphor. When pressed he will nearly always respond, every phrase carefully weighed and tested before delivery. He is rarely, if ever, taken by surprise. "You can't tempt me down that road," he will say.

The value of that style of unspectacular but tenacious leadership, was recognised by the Government this week. Mr. Murray, by sheer hard work behind the scenes and the support of every senior official in Congress House, has successfully delivered a peace treaty with the Government that appears to have satisfied union leaders of all political persuasions, and given the Prime Minister and the Parliamentary Labour Party new heart.

Len Murray
An ambiguous sort of neutrality.

At the same time as he was dealing with Downing Street to co-ordinate the flurry of TUC meetings with Cabinet Ministers, Len Murray has been patiently interviewing general secretaries in order to all the wheels of negotiation in recent disputes. It has meant long sessions with the railway unions, for example, and an attempt to break the deadlock at the Times.

All this has been heaped upon a man determined, after a mild heart attack in 1976, to take things a little more easily. It has also been a considerable distraction from that part of his job that Len Murray considers the most important. For him, the short-run cyclical debate about pay policy is a distraction from gradual advances on a much broader front. He would like, for instance, to be translating the "industrial strategy" into real decisions by firms responding in trade union pressure, extending industrial democracy, and grappling with the structural problems of the TUC and mending quarrels between unions.

Mr. Murray is rarely controversial; and he probably prefers it that way. He was once, it is true, turned away from a Bristol hotel by a manager who told him he was "ruining the country." There were power cuts at the time. Mr. Murray had just been to a nearby power station not to rally the militants, but to persuade the men to work normally.

He was educated at Wellington Grammar School and spent a year at London University until disladged by the war. On his return he went to New College, Oxford, and thence virtually straight to the TUC.

When he succeeded Vic Feather as general secretary, the contrast of personality was obvious. It was also rumoured that the new man was more Left-wing. Today Mr. Murray calls himself left of centre, but is generally regarded by his peers as a pro-incomes policy "moderate." He is careful to keep his own Labour Party attachment out of the picture, and likes to stress the political neutrality of the TUC itself.

It is of course an ambiguous sort of neutrality, and Mr. Murray enjoys puzzling questioners who ask him—as they did again on Wednesday when the document was launched—whether the TUC would act differently if the Conservatives won the election.

More executions expected as Iran generals are shot

BY SIMON HENDERSON IN TEHRAN

FOUR IRANIAN Generals from the former regime of the shah, including the Head of SAVAK, the Shah's secret police, have been executed in Tehran after being found guilty by a revolutionary court of crimes against the people.

There were unconfirmed Iranian Press reports that two former politicians were also executed and about 20 more executions were expected.

The secret trials were the first to take place under revolutionary Islamic justice established by militiamen of Ayatollah Khomeini, the religious leader whose return from exile two weeks ago led to the violent overthrow of the government of Dr. Shahpour Bakhtiar last weekend.

Later a crowd of students and former soldiers estimated to number 5,000 staged a short sit-in outside the Ayatollah's headquarters to protest at the secrecy of the trials and at the new commanders of the armed services.

The protests show that there are internal disagreements on tactics and on the direction of the revolution. It is expected that the bitter fighting which has erupted between rival groups will intensify.

A challenge to Ayatollah Khomeini's role as Iran's leader is now regarded as a distinct possibility.

Exile

Special editions of Tehran afternoon papers yesterday said 20 more death sentences are to be carried out. There are at least eight more generals and many officials still being held. The papers carried photographs of those executed by firing squad late on Wednesday night at the Ayatollah's headquarters in central Tehran.

Most prominent of those shot is General Nematollah Nassiri, for 14 years the head of SAVAK, until he was sacked last year and later arrested as the Shah tried to placate growing opposition.

The others were general Manouchehr Khosrowdad, commander of the elite paratroopers who plotted a loyalist coup before the Shah was forced into exile last month, and Generals Mehdi Rahimi and Reza Naji, respectively martial law administrators for Tehran and Isfahan. The former politicians were named by Tehran newspapers as Abdul-Azim Valian, former governor-general of Khorassan province in north east Iran and Salaar Jaf a former MP.

Tehran radio also said that the property of the Shah and his family had been confiscated by a decree approved by the Government of Dr. Mehdi Bazargan.

The Ayatollah has ordered that strikes should end today but the left is expected to ignore this and splits between the various groups are expected to widen. Also the revolution has yet to crush forces loyal to the Shah still fighting particularly in and around the city of Tabriz.

Meanwhile preparations are going ahead for the evacuation of the majority of westerners. About 6,000 Americans are to be flown out on special charter aircraft at the rate of 1,000 a day from today. More than 800 British subjects have booked to fly out on RAF flights.

● The U.S. granted full diplomatic recognition to the Khomeini Government and accused the Soviet Union of spreading anti-American propaganda there.

Soviet broadcasts and other unspecified actions in Iran could damage relations between Washington and Moscow as well as have an adverse effect on Iran itself, the State Department said.

● The Shah is considering a proclamation formally abdicating the Iranian throne, sources close to the exiled monarch said in Morocco yesterday.

Resurgence of Islam, Page 16

Reed Paper sale talks end

BY NICHOLAS COLCHESTER

REED INTERNATIONAL has called off negotiations to sell its Canadian subsidiary, Reed Paper. The company confirmed yesterday that it still plans to sell what remains of Reed's involvement in Canada but "only on terms which fairly reflect its value."

The company also published the 1978 results for Reed Paper. This showed the impact of a year of disposals and cost cutting and the benefits of an upturn in the pulp and paper markets. Net earnings for the year were C$2.96m (£1.24m) after losses and extraordinary losses of C$66m (£27.7m) in the previous year.

In the last 12 months Reed Paper has sold or closed a variety of Canadian businesses. It transferred a large wallpaper business to its parent for C$42m and sold its interests in Prince George Pulp and Paper and Intercontinental Pulp Company for C$60m.

This reduced bank borrowings from C$68.3m to C$5.7m and helped accumulate short term investments to C$49.6m (with a further C$41m due shortly). C$134m of long term debt remains outstanding.

Reed Paper now consists of the Dryden pulp mill, its Quebec newsprint mill and two relatively small interests in packaging and pigments. The management is particularly confident about the outlook for the Quebec business and expects Reed Paper to produce a significantly improved result for 1979.

Yesterday Mr. Alex Jarratt, Reed's chairman, and Mr. David Cormie, the finance director, stressed that Reed Canada can now look after itself. They said that previously negotiations concerning Reed Paper had had the atmosphere of a "fire sale," where Reed International had no option but to sell, but this phase was over.

Reed International's share price gained 1p to 136p yesterday.

Results Page 18

France hit by steel stoppage

By David White in Verdun

FRANCE'S heavy steel industry and two vital industrial regions were virtually paralysed yesterday by a 24-hour strike by the steel unions, with 23,000 jobs due to be cut by the end of 1980.

The strike gained between 75 and 100 per cent support in the steel mills of the Lille region and Lorraine.

Most of Lorraine was cut off by co-ordinated pirate action of strikers, who barricaded roads and motorways and stopped rail services.

Border crossings to Belgium and Luxembourg were cordoned off, in some cases on both sides with the support of Belgian sympathisers. The Paris-Luxembourg rail link was severed.

The unions, pressing the Government to go back on its steel redundancy plan, are due to meet M. André Giraud, the Industry Minister, next Friday. Action threatened includes marches to Paris.

The Government is offering fresh measures to cushion the cuts, including retirement at 50 instead of the 55 offered earlier, and arrangements for temporary employment for 10,000 to 15,000 workers.

Cabinet group formed to monitor concordat

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN yesterday appointed a small group of Cabinet Ministers to begin the urgent task of implementing the policy commitments agreed between the Government and the TUC.

Mr. Denis Healey, Chancellor, will head the group that will draw up plans for the annual assessment with both sides of industry on the country's economic prospects. Preliminary bilateral talks are to be arranged next week with the TUC and the Confederation of British Industry.

The group's other immediate objective will be to establish the pay board that will carry out comparability studies on public service wages and deal with pay anomalies. In the longer-term, the ministerial team will open negotiations on "no strike" deals with some public sector unions in exchange for pay guarantees.

Mr. Callaghan's appointments to the team reflect a degree of personal choice as well as administrative responsibilities. The major surprise is the inclusion of Mr. Roy Mason, Northern Ireland Secretary. He is said to have been appointed because of his trades union background.

Mr. Stan Orme, Social Services Minister and one of the Cabinet's Left-wingers and trades unionists, has also been brought in. The other three members are Mr. Michael Foot, Lord President, Mr. Albert Booth, Employment Secretary, and Mr. Roy Hattersley, Prices Secretary.

Amid the Cabinet's bustle yesterday, Sir Harold Wilson, the former Prime Minister, claimed credit for the proposed national economic forum and added some criticisms of the Government's recent performance. Writing in the first issue of Financial Weekly, he suggested that Mr. Callaghan had erred by setting a 5 per cent limit on pay rises.

"Perhaps the mistake has been to cut the going rate for pay increases too far, by nailing 5 per cent to the mast. Perhaps 8 per cent might, a month or two ago, have held in the majority of cases," he said.

"Five per cent seemed from the start to be more in the nature of an incantation . . . to ask the impossible frequently makes it harder to achieve the possible."

Sir Harold went on to criticise Mr. Booth and Mr. David Ennals, the Health Secretary, contrasting their recent performances with those of Mr. Ray Gunter and Mrs. Barbara Castle during his own Administration.

The Government also had to contend last night with a renewed attack from the Conservatives.

Mrs. Thatcher said in Knutsford, Cheshire, that a "concordat" meant in law a bankrupt certificate. "It is just the same as the social contract which was going to salve all our problems in 1974 and which has got us where we are now," she said.

Ministers vigorously countered the Tory offensive. Mr. Joel Barnett, Chief Secretary to the Treasury, said in Manchester that the agreement between the Government and the TUC would prove to be "a major turning point" which would provide the basis for a Labour election victory.

Continued from Page 1

Lloyds

provisions are in reality reserves which ought to be treated as shareholders' funds like retained profits. This point was largely conceded yesterday by Mr. Norman Jones, the Lloyds chief executive—though he said they were reserves which were not distributable.

Sir Jeremy Morse, the Lloyds chairman, said the new accounting information was, "a first step towards making bank accounts more comparable."

The second new area of accounting change is that it is not making any provision for deferred tax for its leasing business.

Canals dispute move

BY LYNTON McLAIN

THE STATE-OWNED British Waterways Board has handed over total responsibility for the safety of canals to its engineers, who are taking industrial action over pay.

The unprecedented move was taken in the public interest as a matter of urgency, the Board said.

There has been concern about the safety of the canals since December, when 830 engineers and clerical staff refused to carry out work for essential repairs. Fourteen tunnels, aqueducts and locks were closed to traffic two weeks ago.

In the absence of a solution to the pay dispute—the staff involved are seeking rises up to 21 per cent—the Board yesterday authorised all area engineers to take whatever action they considered necessary to protect the public and save the canals from collapse.

Weather

UK TODAY

COLD, cloudy, light snow in places.

London, S.E. and Cent. S. England, W. Midlands, Channel Is.

Cloudy, scattered snow flurries. Max. 1C (34F).

Eastern England, Eastern Scotland

Occasional light snow. Max. 1C (34F).

S.W. and N.W. England, Wales, Western Scotland, N. Ireland, Is. of Man

Mostly dry. Some bright intervals. Max. 2C (36F).

● Outlook: Continuing cold. Snow showers in E.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	Locarno	C	9	48
Algiers	R	9	48	London	C	0	32
Amsdm.	Sn	-5	23	Luxemb.	C	-2	28
Athens	C	20	68	Luxor	S	29	84
Bahrain	S	22	72	Madrid	F	3	37
Barclna.	C	10	50	Majorca	F	10	50
Beirut	S	17	63	Malaga	S	9	48
Belfast	Sn	-1	30	Malta	S	16	61
Belgrd.	R	6	43	Mchstr.	Sn	0	32
Berlin	C	-7	19	Melbne.	S	19	66
Biarritz	C	8	46	Mexico C.	S	21	70
Bmghm.	C	1	34	Milan	F	9	48
Blackpl.	C	1	34	Montrl.	S	-19	-3
Bordx.	C	8	46	Moscow	F	-16	3
Boulgn.	C	-2	28	Munich	R	1	34
Bristol	Sn	-1	30	Nairobi	S	23	73
Brussels	C	-4	25	Naples	C	16	61
Budpst.	C	4	39	Nwcstl.	Sn	0	32
B. Aires	C	27	81	N. York	C	-8	18
Cairo	S	26	79	Nice	C	12	54
Cardiff	Sn	-1	30	Oporto	C	8	46
Cas'b'ca	F	14	57	Oslo	S	-7	19
Cape T.	C	24	75	Paris	C	[illegible]	37
Chicago	Sn	-16	3	Prague	S	-3	27
Cologne	C	-2	28	Reykjvk.	S	4	39
Cpnhgn.	C	-3	27	Rhodes	S	18	64
Corfu	C	15	59	Rio J'o	S	27	81
Dublin	C	3	37	Rome	S	11	52
Dbrvnk.	R	13	55	Salzbg.	C	4	39
Faro	F	16	61	Singapr.	S	28	82
Florence	C	11	52	Stckhm.	C	-12	10
Frankft.	C	-4	25	Strasbg.	C	0	32
Funchal	F	17	63	Sydney	F	24	75
Geneva	C	6	43	Tangier	S	12	54
Gibrltr.	C	15	59	Tehran	S	17	63
Glasgow	S	0	32	Tel Aviv	S	19	66
G'nsey	C	0	32	Tenerife	S	18	64
Helsinki	S	-10	14	Tokyo	C	10	50
H. Kong	S	21	70	Toronto	Sn	-17	1
Innsbrk.	C	-3	27	Tunis	C	11	52
Invrnss.	C	1	34	Valencia	R	8	46
I.o.Man	C	1	34	Venice	R	8	46
Istanbul	F	11	52	Vienna	C	2	36
Jersey	C	1	34	Warsaw	F	-12	11
Jo'burg	S	26	79	Zurich	C	3	37
L. Pims.	C	18	64				
Lisbon	C	13	55				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sb—Snow. W—Windy.

Continued from Page 1

Scottish judge bans broadcasts

casts were not subject to the impartiality rule.

No umbrella groups had been formed for the two sides in the campaign and the IBA had been left with only two choices: to allow each party to express a view in one of its normal allocations of party political broadcasts or to make it impossible for the parties to discuss in party political broadcasts matters of great importance in Scotland and Wales.

The authority's view was that the right interpretation of its duty had been in allowing the broadcasts but now that the court had made a different judgment the programmes would be withdrawn.

● Mr. James Callaghan, visiting his Cardiff constituency yesterday, said that a vote for a Welsh Assembly would strengthen the control by the people of Wales over their own affairs without weakening the connection with Westminster.

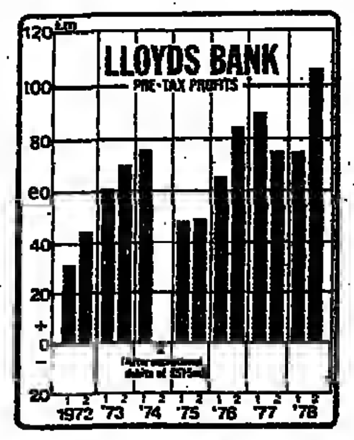
The Prime Minister said a "Yes" vote would bring the actions of Government under closer scrutiny by the people themselves.

"An assembly in Cardiff will be able to be more responsive to the priorities of the people because it will be closer to the people," he declared, but he added: "None of this will impair the Westminster connection. Parliament will remain sovereign. None of these changes will make it any less important that Wales should be represented in the Cabinet. The Secretary of State for Wales will continue to play as full a part in future as he has done in the past in the heart of the Cabinet."

THE LEX COLUMN

Disclosure puzzle at Lloyds Bank

Index rose 4.7 to 455.3



It has been an intriguing and volatile week in both the equity and gilt-edged markets, as investors have come round to the view that the jump in Minimum Lending Rate to 14 per cent was more than enough to enable the authorities to achieve their short-term monetary targets. Big money has been going into the gilt-edged tap stocks—on some estimates around £1bn net in the past seven trading days.

Money market rates have fallen back significantly—the discount houses were buying Treasury bills keenly at yesterday's tender at a rate of only 12.7 per cent—but it is not possible to be so relaxed about long term interest rates. Inflation accelerated in January, with retail prices up 1.5 per cent during the month, and the 10 per cent annual level could be breached within the very near future. The authorities probably accept that long gilt yields cannot fall very far, and judging by yesterday's choice of new medium and long taps they are concentrating on achieving a steeper yield curve by leaving the short end free of restraint from taps.

In equities, fund managers have seen their recent bearishness confirmed. A poll by brokers Simon and Coates in December, when the FT 30-Share Index was around 493, revealed that 65 per cent of respondents thought the next 50-point move would be downwards. On Monday, when the Index was showing a 47-point drop, another poll suggested that no more than 27 per cent were bearish on the next 50-point move. Only 10 per cent thought that a fall of 100 points is likely (though they included five of the eight chartists polled). The nagging worry is that according to some theories about contrary opinion such a low proportion of bears is something of a danger signal.

Lloyds Bank

Having been 15 per cent lower at the half way stage, Lloyds Bank's profits rose by 38 per cent in the second six months, and for the full year pre-tax profits are some 10 per cent higher at £182.3m. This outturn was much in line with market expectations and the shares closed a couple of pence firmer at 282p, where they yield 5.4 per cent.

Unlike the previous year when the international side made all the running it was Lloyds' domestic business which pushed profits higher in 1978. From the Spring onwards UK interest rates were rising, which boosted net interest revenues, and Lloyds' domestic lending grew by nearly a fifth. By contrast, the profits of Lloyds Bank International were virtually unchanged at £44.2m and its advances grew by only 7.5 per cent. Given that LB's loan volume had risen by over 40 per cent in the previous two years this was a sharp slowdown.

However, the most interesting part of Lloyds' preliminary statement had nothing to do with its comments on the past year's trading. As the first clearing bank to report, it was blazing a trail in terms of the new disclosure rules. Unfortunately, few people, apart from the bankers in the know, could make sense of Lloyds' provisions since the bank refused to give any comparable figures. For outsiders the main surprise was the small size of the provisions. Against total advances of £10bn, Lloyds charged a mere £8.5m in net provisions to the profit and loss account last year and its end-1978 outstanding provision for bad and doubtful debts amounted to £77.7m—equivalent to 0.8 per cent of the total loan portfolio. This is lower than many had expected and given the conservatism of Lloyds' management it must say something about the quality of its loan portfolio. But until all the banks have reported it is impossible to jump to conclusions. The other change was the adoption of the new accounting standard on deferred tax. This has led to a sharp drop in the tax charge, a jump in the earnings per share to 74p, and a cosmetic improvement in the free capital ratio of a full percentage point to 4.3 per cent.

Reed International

The 1978 results for Reed International's Canadian subsidiary Reed Paper suggest two rather different reasons why Reed's top management has decided to delay its sale until a better price is forthcoming.

The first is that major disposals, cost cutting and an upturn in the Canadian pulp and paper markets have turned a disaster area into a viable business. Pre-tax earnings from continuing operations were $14m in 1978. This time last year the equivalent figure was a loss of $20m.

The company continues to face long term debt of $134m of which $7.8m must be repaid this year but against this, thanks to recent sales, it has short term investments and cash due imminently of $91m.

Another reason for delay is that the management and the Ontario authorities are still haggling over the speed at which the Dryden pulp mill must invest another $35m in anti-pollution equipment. The local management will be better placed to convince would-be purchasers of the attractiveness of Reed Paper when this argument has been cleared up.

When making disposals in 1978 Reed managed to avoid further extraordinary charges against profits thanks to a provision of $10m arranged in the previous year. Now, in negotiating the sale of the Dryden and Quebec mills, the core of the remaining business, the management evidently feels that it should do better than simply match written down balance sheet book values.

LMI/Caledonian

The whirlwind life of Caledonian Holdings as an independent listed company almost had its date of termination fixed yesterday when the Board agreed terms with London and Midland Industrials—but Comet Radiovision is still hovering in the background with a 22 per cent holding. As it is, lucky subscribers to the offer for sale at 65p are now offered cash underwritten terms of 115p, while if they accept LMI's shares and cash package they are offered the equivalent of 122p.

The key to LMI's ability to offer these terms is that it has agreed to sell Caledonian's Timberland subsidiary to Harris Queensway for in effect £7m cash—this for a business which last year produced £461,000 and has net assets of only about £1m. The £7m compares with the £6.5m received by Stenhouse Holdings for the whole of Caledonian last month. And under the proposals LMI would issue some 6m new shares, would gain pre-tax profits of £2m (allowing its earnings per share to rise) and would finish with £2.5m more cash than when it began to buy Caledonian shares in the offer for sale.

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